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15 May 1980

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2008

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CEMA EXPERIENCES DIFFICULTIES IN FORECASTING MARKET NEEDS

Sofia VUNSHNA TURGOVIYA in Bulgarian No 3, 1980 pp 2-7

[Article by Georgi Mirov, candidate of economic sciences: "Role of Forecasts in the Intensification of Material Production Integration Within CEMA"]

[Text] The dynamic development of the world's output, as a result of the expansion of the scientific and technical revolution, has raised ever more urgently the need to look into the future. It would be scientifically substantiated to determine the trends in the development of material production and, on this basis, earmark the prospects for the further expansion and intensification of the international division of labor. This is particularly important to the CEMA-member countries which participate in the international socialist division of labor and are cooperating with the developed capitalist and the developing countries. The clarity of the trends and the precision of the prospects governing the development of material production determine the intensiveness of international relations and success in the field of cooperation and integration. Scientific forecasting has been assigned a particularly important role in the solution of this complex multiple-factor problem. The reliability of forecasts of changes in material production largely determines the development of international and economic relations and their effectiveness.

In order for scientific forecasting to be an effective instrument in the development of economic relations among countries, it would be expedient for it to cover as many of their aspects as possible, i.e., to be comprehensive and take into consideration a larger number of factors of decisive importance to international economic relations.

The CEMA-member countries are developing on a national level a variety of forecasts--medium-term, long-term, and sectorial, forecasts on the development of specific items, and so on. Considerable experience has been acquired in the elaboration of joint CEMA forecasts in the fields of science and technology, of economic forecasts, and so on. The specialized economic publications of CEMA-member countries have classified the forecasts and determined the position of the various types of

forecasts and their interconnection and interdependence. The advantages of the various types of joint forecasts, compared with those elaborated by the individual countries, have been determined quite firmly and substantively.

The development and control of forecasting activities in CEMA are based on a number of documents.[1] The purpose of such documents and measures is to develop a uniform approach to joint forecasting. Consequently, in the field of forecasting, a number of theoretical and methodological problems have been elaborated at different levels. The organizational principles and measures to be observed in the utilization of forecast complications have been greatly perfected. All in all, so far CEMA has elaborated and adopted about 240 forecasts of different types. All this indicates that the main problem facing the CEMA-member countries is no longer the lack of forecasts but the extent of their utilization and the coordination of the corresponding forecasts. More specifically, the problem is reduced to the use of forecasts in the adoption of specific decisions leading to the further intensification of cooperation and integration in material production.

The problem of the utilization of forecasts in the field of cooperation is particularly important in the case of our country, for the value of our foreign trade has reached 80 percent of the country's national income. This fact indicates that, on the one hand, Bulgaria is actively participating in the international division of labor and that its production complex is linked with the economies of other countries. On the other hand, it proves that the processes taking place in the international division are having a strong influence on the development of the country's national economy. The more intensive utilization of forecasts is necessitated also by the fact that the share of the processing industry of countries with a planned economy (including Bulgaria) in the global output of the processing industry is expected to rise from 22 percent in 1970 to 29 percent in the year 2000; the production of machines and equipment, from 22 percent in 1970 to 31 percent in the year 2000. It is expected that toward the year 2000 the structure of the global output will reach the ratio of 38-40 percent for the extracting sectors. The physical volume of trade will rise by a 5.5 factor, i.e., at an annual rate of 5.9 percent.[2]

As these data show, the share of the socialist countries in the global output will grow, essentially through the processing industry. This means that a scientific choice must be made of directions for the development of production facilities in our country which will bring the greatest economic benefits to the country over a long period of time. The organization of the production process based on circumstantial phenomena on the global market, considering such trends in the structure of the global production process, may bring temporary successes only. In harmony with lasting global trends, we must develop production

facilities which will contribute to the shaping of a stable production, sectorial, and intersectorial structure in our country.

The fuller utilization of forecasts means to shape, on their basis, both global as well as other trends in production development. Forecasts must be used by the countries as a scientific base for the elaboration of long-term and five-year national economic plans. They must be used not only for the formulation of plans but for their subsequent refining and perfecting. The continuous planning, which is a specific feature of cooperation and integration in CEMA, also requires continuing scientific forecasting.

This is entirely consistent with the upgrading by all CEMA-member countries of requirements concerning scientific services to the economy. In the case of our country the task was formulated by the BCP as follows: "It is necessary to create the type of conditions in which the plan will include decisions insuring substantial improvements in the fields of equipment, technology, and production organization, guaranteeing the extensive and accelerated development of the strategic directions of the contemporary scientific and technical revolution."[3] The attention is being focused on looking deeper into the future, and discovering the operating trends and, on this basis, earmarking more scientifically the directions in the development of material production. The more profoundly and comprehensively the changes which will take place in the future are analyzed, the more substantiated and purposeful will be the measures to be taken in the present and, consequently, the more extensive will be the participation in the international socialist division of labor.

The role of forecasts in the development of international processes in material production is established most clearly in the study and determination of requirements, the study of the market, and the choice of directions and forms of participation of the countries in international production specialization and cooperation.

Forecasting Requirements. The target of forecasting in the study of requirements covers the trends of the changes in such requirements, their quantitative determination, structure, and level of satisfaction. Information on the condition of such problems, obtained through forecasts, would enable us to direct the production process in such a way as to make it most responsive to the requirements of the consumers for a specific period of time. Under the conditions of the international division of labor collective requirements determine the size of output needed to satisfy them. The structure of needs directly affects that of the production process.

There have been frequent cases in the course of cooperation among CEMA-member countries in which produced goods are sold at a considerable loss to the producing country. In such cases, along with all other reasons and difficulties, there is also a reason related to the lack of adequate

information on expected changes in consumption in terms of volume and structure, the appearance of new types of commodities, and so on. A study of our practical experience in the utilization of forecasts in the study of requirements and consumer demand, with a view to a more effective participation of the country in the international division of labor, has indicated that a number of unused opportunities and reserves exist. To this effect we are using mainly national forecasts and, considerably less, joint CEMA forecasts. Despite all the positive features of national forecasts we know that in a number of respects they yield to joint forecasts, particularly in the study of requirements. The elaboration of national forecasts is based mainly on the possibilities and level of the individual country. They do not adequately take into consideration the possibilities and advantages of cooperation and integration within CEMA, which is one of the great successes of the comity. National interests are the guiding principle in the formulation of such forecasts.

The interrelationship and interdependence on individual production processes drastically increase under the conditions of socialist economic integration, as a result of which raising the level of satisfaction of requirements becomes ever more dependent on the unification of the efforts of CEMA-member countries. This determines as well the role of joint forecasting.

As an information base for decision making, compared with national forecasts, joint forecasts broaden the possibilities of cooperation and integration, increase the number of alternatives for the utilization of intensive and extensive production factors, expand the choice of means for the satisfaction of requirements, and make possible the optimizing of the production process, based on the prospects for the development of consumption in the socialist, capitalist, and global markets. In joint forecasting priority is given to factors which contribute, on an international basis, to the acceleration of the economic development of the countries, the equalization of their economic levels, and the strengthening of cooperation at large. Joint forecasts, based on international positions, include variants for the development of integration. This considerably broadens the range of national possibilities in choices aimed at the satisfaction on various specific requirements. Joint forecasting leads to the joint solution of main production problems on the basis of the application of the latest achievements of scientific and technical progress, with an optimal and mutually profitable distribution of participation by the individual countries in the international socialist division of labor. The coordination of development trends with the requirements and possibilities of the individual countries, with the most effective combination of their joint utilization, would be of essential importance.

The role of joint forecasting grows also as the result of the steady improvement of long-term and joint planning, and the appearance of new forms of joint planning activities -- the DTsPS. The elaboration of

joint forecasts includes considerably greater possibilities compared with national forecasts in terms of the utilization of more highly skilled specialists and more advanced methods for data gathering and processing, and the consideration of a greater number of factors. All this is closely related to the accuracy and reliability of the forecasts themselves. That is why we must use joint forecasts at different levels more actively and extensively. In all cases this would increase the availability of data for the organs in charge of making specific decisions. The ways and means of their utilization will depend on the nature of the objectives and tasks.

The various types of joint forecasts elaborated by CEMA are being insufficiently used in the study of requirements, from the viewpoint of the individual countries, and the study of collective means. This is due not only to the lack of ability to use forecast evaluations but the fact that joint forecasting has still not developed into a continuing process as are production and consumption. For this reason, it has not always been a realized need. This is also one of the reasons for which the CEMA-member countries are encountering substantial difficulties even in the development of production facilities in areas in which they are in the lead. Practical experience indicates that the forecast evaluations which describe merely the main trends of development of requirements are no longer sufficient. We need forecasts on the quantity and structure of requirements and consumption, and the extent of their satisfaction. This would enable us to formulate more precisely the production assignments for the various types of output. From this viewpoint, joint forecasting must more completely cover the overall volume of consumption of CEMA-member countries and its structure at the end of the period covered by the forecast, indicate a possible reorganization of the production process, based on the forecast consumption structure, and determine in advance the expediency and economic effectiveness of the various forms of unification of the efforts of CEMA-member countries for the solution of problems aimed at the fullest possible satisfaction of requirements. In this connection the CEMA-member countries must convert from the elaboration of individual and uncoordinated forecasts to a system of forecast developments which would cover all types of forecasts--long-term, medium-term, short-term, and sectorial, and forecasts covering individual strategic production lines by geographic direction, group of countries, or individual countries. It would be expedient to develop the closer coordination of national with joint CEMA forecasts. This is particularly important in the choice of production ways and means for the satisfaction of requirements. Both national and joint forecasts must be used in decision making, thus upgrading their accuracy.

Market Forecasting.[4] The market does not move the production process but, depending on how much and what it absorbs, it could stimulate or delay the production of individual commodities. That is why the forecasting of its basic characteristics covering a specific time period is

of decisive importance for the production process. Forecasting must cover the size of the market, its absorption capacity, market circumstances and possible changes, eventual dimensions of supply and demand, the appearance or disappearance of factors which could cause substantial disturbances in the marketing of some commodities, and so on. The existence of an adequate volume of precise information on the market has double significance: On the one hand, it is important in the proper guidance of the production process; on the other, for the effective development of foreign economic relations, including foreign trade.

The disparity which shows up between what is being produced and sought on the market proves that the market has been insufficiently studies and that expected changes are not known. Examples of discrepancies between production and markets may be found in our country and, as confirmed by practical experience, in all such cases the producer suffers losses, loses national income, lowers his prestige as a partner, and surrenders positions on one or another market. That is why the application of the economic approach in the study of the market is becoming one of the main problems in the further development of foreign trade relations.

Along with other forecasts, forecasts on the development of the socialist market are a substantial element in improving cooperation and choosing its effective forms and directions. Should the countries have at their disposal long-term forecasts by commodity and geographic direction, the national organs in charge of the management of integration processes could become familiar in advance with the belieyed structural changes which will occur in demand and supply on the socialist market, taking the trends of the global market into consideration. The main purpose of the forecasts related to the study of the market is to guide the producers to the production of commodities which would satisfy market requirements to the highest extent. In the individual CEMA countries, including Bulgaria, the largest number of forecasts are found regarding the market. This largely applies to joint forecasts as well. Here again, however, something remains to be desired in terms of their utilization. The timely and extensive utilization of forecasts, particularly joint forecasts related to the development of the market, makes it possible to properly determine the amount of capital investments in modernization, reconstruction, and capital construction, and concretize the volume and variety of reciprocal procurements. Along with other documents, these forecasts are the basis for the formulation of coordinated decisions on the further intensification of cooperation and integration used, subsequently, for the formulation of contracts and agreements among countries. Market development forecasts are a decisive prerequisite for the creation and operation of joint production facilities, for determining the amounts and size of requirements to be met through such items, and so on.

in the case of a relatively lower level of satisfaction of specific requirements (as was the case so far, generally speaking), market forecasts lacked such a determining significance. Their role increased along with increased consumption and saturation of requirements. The need for an overall study of the market was also triggered by the fact that a number of commodities needed for the satisfaction of specific requirements became interchangeable. This made it possible for the consumers to prefer one type of commodity to another possessing the same consumer qualities but different in terms of indicators such as price, operational reliability, presentation, and so on. It is precisely forecasting that provides information on such changes.

Speaking of a fuller study of the market, we bear in mind, above all, the socialist market, with a view to its fuller satisfaction, since an average of about two-thirds of the foreign trade of the countries takes place on this market. As we know, trade on the socialist market is developed on a planned basis, which is its characteristic feature. It is precisely for this reason that forecasts regarding trends within the socialist market and the development of market circumstances, and the amount of supply and demand of specific commodities account for a considerable share of the information and scientific support of planned decisions. Their fuller utilization in the formulation and coordination of five-year plans will increase the realistic nature of planned decisions. The task is for such forecasts to be elaborated not only at the end of the five-year plan, so that they may be used in the formulation of the new five-year plan, but to turn such forecasting activities into a continuing process whose results would be most effectively used at all times for amending the five-year plans. The task of the study of the socialist market, however, is becoming steadily more complex. This is the result of increased exports to the developed capitalist and the developing countries. Unlike the socialist market, a characteristic feature of such markets is the effect of uncontrolled factors. This hinders their forecasting even further.

In the case of CEMA-member countries availability of their own developments of the condition and progress of the global market and of expected changes is of particular importance. The reasons triggering them must be known. This may be achieved most successfully through joint forecasts. So far, this was accomplished by the individual countries mostly through their own efforts, without coordination. This is also one of the reasons for which the volume and structure of exports by CEMA-member countries to the world market are unsatisfactory.

The joint elaboration of forecasts would enable the members of the comity to develop a coordinated policy concerning the markets of developed and developing countries. Whereas possibility for exports to the developed capitalist countries are largely restricted for a variety of reasons,

the developing countries offer great opportunities. That is why the efforts of the CEMA-member countries should be directed precisely toward them. The developed capitalist countries are making intensive studies of the markets of the developing countries. They are developing all possible efforts to insure their stable positions in such markets and to restrict the access of CEMA-member countries by all possible ways and means. This is confirmed also by the sharp competition encountered by our goods on such markets on the part of the developed capitalist countries. To CEMA-member countries the expansion and intensification of economic relations with the developing countries is not only of economical but of major political significance. That is precisely why such markets should be studied more profoundly and comprehensively. Their specific features must be determined and correspondingly reflected in production. In such a case our successes in economic cooperation with such countries, whose number is not small, would increase considerably. Forecast evaluations and their fuller coordination with material production have been ascribed a major role in the study of such markets.

Forecasting and Development of International Production Specialization and Cooperation (MSKP). As we know, international production specialization and cooperation are basic forms of cooperation and integration within CEMA in the field of material production. Their place and role will remain determining in the future as well. From this viewpoint the use of forecasts for their further development is becoming ever more important.

Subject to forecasting in this case are mainly changes in the volumes of specialized and cooperated output, their possible forms of application, and trends of development of technical progress, technology, and production organization.

We know that specialized and cooperated items are characterized by high level homogeneousness of output, extensive series production, and high level of modernization and automation. A mandatory prerequisite for their effective development is the availability of a market of adequate volume over a long period of time. The studies of markets for such an output, their absorption capacity, changes within them, and so on, are subjected to continuing forecasting. Even though the development of MSKP in CEMA is on a planned basis, extensive possibilities exist for the more extensive use of forecasts. The choice of directions for MSKP, the operation of alternatives for the use of the various forms of specialization and cooperation, preliminary effectiveness estimates, and so on, must be based on forecasts. To the same extent forecasts must be used by both producers and trade organizations marketing their goods. It is our conviction that in MSKP forecasts are used to a greater extent in production marketing and considerably less in production. This is confirmed by a study of the reasons which create difficulties in the implementation of MSKP contracts. Most of them are of a purely production nature. In MSKP it becomes necessary to make considerably greater

use of forecasts formulated at various levels, with a view to obtaining more extensive and reliable information on the trends in the development of production and trade not only within CEMA but on a global scale.

We know that standardization and, above all, the so-called outstripping standardization, is of determining significance in the development of international specialization and, particularly, international cooperation in the areas of machine building, electronics, and electrical engineering, areas in which they are most strongly developed. Its level and the share of output of the countries it covers determine the development of international specialization and cooperation. The current condition of outstripping standardization, which largely depends on the condition of forecasting, neither satisfies nor meets the scales and requirements of MSKP. That is why forecasts have been allocated a central role in the further development of outstripping standardization.

It is characteristic of production specialization and cooperation that they are created with a view to functioning a long period of time. However, as a result of the excessive increase in the pace of development of scientific and technical progress, such production clashes with the pace of commodity renovation. In the final account, this reflected on competitiveness and marketing results. This largely applies, for example, to electronic output. In order for it to meet consumer requirements, it must be subjected to virtually steady improvements. This can be accomplished by using, above all, joint forecasts on the development of science and technology, elaborated by the interested CEMA countries.

When we say that the possibilities offered by forecasting for expanding and intensifying the participation of our country in the international division of labor must be used more extensively and frequently, we mean, above all, fuller utilization of the reserves existing with the current scope of measures within which Bulgaria is participating. A study of the measures in which the country is involved indicates that, in terms of Bulgaria's scale and potential, they could be considered adequate. This particularly applies to measures in the field of specialization and cooperation. The problem is to upgrade the effectiveness of this participation through the utilization of existing reserves. In the case of specialized items such reserves are reduced to upgrading the level of specialization by increasing the concentration and homogeneity of goods. The series nature and volume of output of specialized and cooperated goods must be increased considerably. The pace of the perfection and renovation of specialized goods must be accelerated, in accordance with the requirements of technical progress. Labor productivity in specialized and cooperated production facilities must be upgraded substantially and production costs must be lowered. We must drastically increase scientific servicing of such production facilities, mainly through our own scientific developments. This means greater purposefulness and closer linking of science with production. More effective use must be made of the

forms of specialization and cooperation, taking to a greater extent into consideration the specific nature of individual production facilities and production conditions in the country. We must steadily improve the structure of specialized production based on changes in market needs and requirements. The management mechanism of such processes in the national economy and of the participation of our country in integration, and so on, must be improved considerably. The mobilization of the efforts for the more intensive utilization of such reserves will inevitably upgrade the effect of our participation in the division of labor. The study of the reasons of such reserves indicates that, along with everything else, the insufficient utilization of forecasts in the selection of directions and forms of the country's participation in the division of labor plays a major role. This confirms, yet once again, the need to intensify forecasting within CEMA and insure the more purposeful utilization of forecasts in cooperation practices.

FOOTNOTES

1. In 1971 the CEMA Committee for Cooperation in the Field of Planning Activities adopted the "General Organizational and Methodical Principles for Cooperation Among CEMA-Member Countries in Forecasting." In 1975 the Committee for Scientific and Technical Cooperation adopted the "Method for Joint Forecasting of the Development of Science and Technology by Interested CEMA-Member Countries." In 1977 a symposium was held in Moscow on "Theoretical and Methodological Problems of the Comprehensive Improvement of Cooperation in Planning Activities," in which forecasting was one of the main topics.

2. "The Future of the World's Economy." Report by a group of United Nations experts headed by V. Leont'yev. Mezhdunarodnyye Otnosheniya, Moscow, 1979, pp 92, 94, 132.

3. "On the Accelerated Development of Some Strategic Directions of Scientific and Technical Progress in the Bulgarian People's Republic." Materials of the BCP Central Committee Plenum held on 20 and 21 July 1978. Partizdat, Sofia, 1978, p 45.

4. Specialized publications do not agree on the number of markets. We support the view of the authors who claim the existence of three markets: global, socialist, and capitalist.

5. Over the past five years the share of the developing countries in CEMA trade has risen substantially. In 1978 it reached 7.4 percent for Bulgaria, 12.2 percent for the USSR, 9.4 percent for Hungary, 6.6 percent for Czechoslovakia, 6.4 percent for Poland, and so on. The steady increase in the share of CEMA countries in the world's output is a prerequisite for its further growth. In 1978 they accounted for 30.6 percent of steel production, 25.7 percent of cement production, 21.8 percent of electric power production, 29.8 percent of natural gas production, 19.9 percent of petroleum production, 15.8 percent of the production of chemical fibers, and so on.

BRIEFS

CSSR OFFICIAL IN USSR--CSSR Finance Minister L. Ler returned from Moscow on 1 April. During his stay he had talks with his Soviet counterpart, V. Garbuzov. [Bratislava PRAVDA in Slovak 2 Apr 80 p 2 AU]

CSSR-YUGOSLAV CONTRACTS--A few days ago in Novi had the Skoda and Sigma economic production units signed contracts with the Yugoslav Agrovojvodina enterprise concerning the equipment of large thermal power blocs in Pancevo and Zrenjanin with machinery, including a project on supervision of the assembly work. The Czechoslovak deliveries, which will be made in the 1981-1983 period, represents a value of more than $80 million. Some Yugoslav enterprises--among them Jugoturbina, Rade Koncar and Minel--will take part in the finishing of the equipment. [Words indistinct], Koospol, Strojexport and Pragoinvest foreign trade enterprises signed at the same time contracts worth $55 million with the Agrovojvodina enterprise, on the basis of which Yugoslav shipyards will build 36 river vessels for the CSSR; the contracts also contain deliveries of electric motors, transformers, cables, paints and varnishes, medical drugs, corn and vegetable oils. During the signing of the contracts the Board of Managers of the Agrovojvodina enterprise expressed the wish to cooperate with Czechoslovak firms also in the construction of other planned power industry facilities. [Text] [Prague RUDE PRAVO in Czech 1 Apr 80 p 6 AU]

HUNGARIAN MINISTER VISITS CSSR--On 10 April CSSR Deputy Premier Rudolf Rohlicek received in Prague Appad Pullai, Hungarian minister of transportation and postal affairs. On the same day the Hungarian minister had working meetings with CSSR Minister of Transportation Vladimr Blazek and CSSR Minister of Communications Vlastimila Chalupa. [AU160920 Prague RUDE PRAVO in Czech 11 Apr 80 p 2 AU]

NEW INTERLICHTER ROUTE--Interlichter, the joint enterprise for containerized naval and river transportation, has opened a new, Danube-Southeast Asia permanent sea route. The organization was established in 1978 by socialist Danube countries--the People's Republic of Bulgaria, the CSSR, Hungarian People's Republic and the USSR. [Text] [AU160920 Prague LIDOVA DEMOKRACIE in Czech 10 Apr 80 p 2 AU]

CSO: 2400

PLANS FOR EXPANSION OF HYDROELECTRIC POWER SYSTEM

Tirana BASHKIMI in Albanian 20 Apr 80 p 4

[Article by Llazar Papajorgji, director of the General Directorate of Electric Power Plants: "The Electrification of the Country--A Great Victory of the Economic Policy of Our Party"]

[Excerpts] At present the single electric power system covers the entire territory of the country and satisfies more than 99 percent of the needs of the economy. A broad network of low tension and high tension lines up to 200 kv covers the entire area of our country. We can boast that we are among the few countries in the world with completely electrified villages.

In the next five-year plan, it is expected that hydropower facilities will be constructed which will have the combined power of almost triple that of the Vau i Dejes hydroelectric power plant. The Koman hydroelectric power plant which will be built during the next five-year plan, will have more power than the "Light of the Party" hydroelectric power plant in Fierze. One of its turbines alone is expected to have six times the power of the entire power of the "Karl Marks" hydroelectric power plant in Ulze. For the first time in our country, a high pressure heater was put into operation, in the Fier thermoelectric power plant, making it possible to reduce the specific consumption per unit of energy 20-23 percent for each kilowatt hour. With the completion of the dam of the "Light of the Party" hydroelectric power plant in Fierze and the filling of the lake to the maximum extent it will be possible to increase more than 22 times the hydropower reserves which are currently being collected in all the lakes of the hydroelectric power plants.

CSO: 2100

MODEL STATUTE OF AGROINDUSTRIAL COMPLEX

Sofia DURZHAVEN VESTNIK in Bulgarian 28 Mar 80 pp 276-284

[National Agroindustrial Union model statute of the agroindustrial complex]

[Text] The agroindustrial complexes (APK) were set up in the Bulgarian People's Republic in accordance with the decisions of the April 1970 BCP Central Committee Plenum, as consolidated economic organizations consisting of TKZS [Labor Cooperative Farms], DZS [State Farms] and MTS [Machine-Tractor Stations], with a view to achieving a high level of sectorial specialization and production concentration and integration on an industrial basis.

Under the constant care and management of the BCP and the creative application and further development of the Leninist cooperative plan, the APK grew and established themselves as big and economically powerful socialist agricultural organizations, developed through the voluntary merger of cooperative with state property.

As a result of intensified specialization and concentration, the application of industrial production methods, and of bringing cooperative ownership close to state ownership, conditions were created for the APK to develop into single juridical persons. The social functions performed by the APK on the territory of the settlement system were developed as well.

As an economic organization, the APK retains and further develops the positive aspects and basic principles of farming and management which characterized the TKZS, such as democratic management, economic activities based on the systematic application of cost accounting and self-support, personal and collective material incentives, and so on.

Profound qualitative changes in the development of production forces and social relations occurred in the course of the development of the APK. On this basis the need for the systematic reduction of the entire reproduction process in agriculture, the food industry and agricultural

machine building on an economic basis, the conversion to a new and more advanced form of management of economic activities, and the creation of the national and okrug agroindustrial unions, became ripe.

As members of the National Agroindustrial Union (NAPS) and of the okrug agroindustrial unions (OANS), the APK provide the material and technical base and conditions for the improvement of socioeconomic relations in the country and for achieving the main target of the NAPs.

Chapter 1

Nature and Purpose

Article 1. (1) The APK is a socialist, territorially separated economic organization. It is a juridical person which, in accordance with the unified plan for the socioeconomic development of the country, operates on a cost accounting basis and is engaged in the effective production of agricultural and other commodities, using industrial methods, with high level production concentration and specialization, and integration with the processing industry.

(2) In its activities the APK is guided by the constitution of the Bulgarian People's Republic, the decisions of the BCP, the laws, the decisions of the national and okrug agroindustrial unions, and its statute.

Article 2. (1) The agroindustrial complex consists of subunits and teams: branch farms, production sectors, enterprises, shops, brigades, and livestock farms operating on the basis of internal cost accounting, in accordance with their organizational and economic autonomy.

(2) TKZS, DZS, and other enterprises may be members of the APK while preserving their juridical autonomy.

Article 3. (1) The main objective of the APK is to insure the steadily growing production of high quality agricultural and other commodities and, on the basis of high social labor productivity, upgrade production effectiveness and the living standard of agricultural workers.

(2) In order to achieve its main objective, the APK implements a system of measures for the application of scientific and technical achievements, intensification of production specialization, concentration, and integration, fullest possible utilization of the land and the labor means and objects, and manpower, and the systematic application of the economic approach in management.

Chapter 2.

Establishment, and Rights and Obligations

Article 4. (1) An APK may be founded at a constituent meeting of representatives of agricultural and other organizations wishing to join it. The APK may be additionally joined by agricultural or other organizations.

(2) The organizations which have founded the APK or have joined it subsequently lose their juridical autonomy and become its subunits, with the exception of those stipulated in Article 2, paragraph 2.

(3) The APK may terminate its activities by decision of the general assembly of representatives.

(4) The decision of the general assembly of representatives regarding the founding or termination of activities of the APK is subject to the ratification of the Council of Ministers as requested by the NAPS Central Council.

Article 5. By decision of the general assembly of representatives the APK becomes a member of the NAPS and the OAPS, retaining its juridical and economic autonomy. APK membership is based on the statute of the NAPS and the model statute of the OAPS.

Article 6. The APK has the following rights:

1. To participate through its voting delegates in the work of the NAPS congress;

2. To participate in collective management and control organs governing the NAPS and OAPS through elected representatives;

3. To participate in economic, social, and cultural measures of the NAPS and OAPS and use them;

4. To establish direct relations with the state budget, the banks, the State Insurance Institute, and others;

5. To establish direct economic and contractual-legal relations with scientific, engineering-application, marketing-supply, purchasing, trade, and other organizations in connection with the implementation of its economic activities.

Article 7. The APK must:

1. Observe its statute and the statutes of the NAPS and OAPS;

2. Fulfill its counterplan and contractual obligations;

3. Deposit its legally stipulated income withholdings for the budget, the maintenance of the NAPS and OAPS, and the creation of centralized general use funds;

4. Submit to the OAPS and NAPS reports on its activities in accordance with the ways and within the deadlines stipulated by the laws;

5. Allow representatives of the OAPS and NAPS to attend general meetings, meetings of the administrative council, and control its activities.

Chapter 3.

Property and Funds

Article 8. (1) The APK property consists of productive and working capital, notes due and payable, rights on trademarks and licenses, share holding participation, etc.

(2) The sources of assets of productive and working capital are the following:

1. Funds contributed by agricultural and other organizations which have founded or additionally joined the APK;

2. Revenue withholdings;

3. Borrowed funds;

4. Budget funds;

5. Other sources.

Article 9. APK property may be:

1. Shifted free of charge among its subunits by decision of the APK administrative council;

2. Sold, replaced, conceded, or liquidated in accordance with the law.

Article 10. (1) The APK shall set up the following funds:

1. "Expansion and Technical Advancement;"

2. "Social and Cultural Measures;"

3. "Reserve;"

4. "Foreign Exchange;"

5. "Inventions and Rationalizations;"

6. "Price Control;"

7. "Wage."

(2) The collection and expenditure of such funds shall be based on the laws in effect.

(3) By decision of the general assembly some of the assets of the internal funds may be decentralized among the APK subunits.

Chapter 4.

Organization of Economic Acitivities

Article 11. (1) The APK shall carry out its activities on the basis of the systematic application of the principles of cost accounting and self-support, with the most effective utilization of natural-weather conditions, biological possibilities of plants and animals, the land, the other production means and manpower resources, with a view to increasing the output, improving the quality, and reducing the cost of agricultural commodities.

(2) The APK shall conduct its economic activities through the use of industrial technologies and production methods, intensification of sectorial production specialization and concentration and the application of progressive forms of socialist organization and wages.

(3) The APK shall implement its measures for the organizational and economic strengthening of the complex, the improvement of its organizational structure, the strict observance of contractual, planning, financial, labor, and technological discipline, the preservation of socialist property, the preservation and restoration of the natural environment, and the fuller application of the principles of intra-cooperative democracy.

Article 12. (1) APK activities shall be based on counterplans elaborated in accordance with the control figures, state plan assignments, norms, ceilings, balances for meeting the needs of the population within the settlement system, concluded contracts for commodity marketing and material and technical supplies, and preliminary engineering plans.

(2) The APK shall assign the state planned assignments, norms, and ceilings, based on control figures, among its subunits, in accordance with their natural and economic conditions and standards and norms based on engineering plans on the utilization of the land and equipment, and outlays of manpower, raw materials, and other material resources.

Article 13. (1) The APK shall carry out its activities directly or through its subunits which may have different levels of economic and legal autonomy.

(2) An APK may delegate to its subunits, partially or entirely, some of its rights in accordance with their specific activities and working conditions.

Article 14. Along with its basic activities, the APK may engage in processing, servicing, engineering-application, trade, procurement, marketing, construction, transportation, and other activites related to agricultural production and the establishment of intergrations relations with the food industry aimed at the fuller utilization or natural, material, and manpower resources. The opening and closing of such enterprises shall be based on stipulated procedures.

Article 15. The APK may participate in the development of inter-complex enterprises with other APK or engage with other economic organizations in the production, storage, and processing of agricultural commodities, repair and maintenance of agricultural equipment, building construction and repairs, production of consumer goods, and others.

Article 16. (1) The brigade, operating on the basis of eternal cost accounting, shall be the basic production unit and main form of labor organization of the APK.

(2) The brigade shall be assigned land, manpower, livestock, equipment, and other production facilities in accordance with its assigned production program, involving requirments regarding crop rotation, biological characteristics of plants and animals, and level of technology.

(3) The size of the brigade shall be determined with a view to the application of progressive technologies with the fullest possible closing of the technological cycle, maximum agricultural production specialization and concentration and territorial autonomy, and the creation of effective management conditions.

Article 17. (1) Depending on the number and size of production brigades, their territorial remoteness, and the topography and territorial-settlement system, the APK shall apply three basic forms of idustrial-organizational structure, either separately or combined, as follows:

1. APK with production brigades, livestock farms, and shops, directly managed by the complex administration;

2. APK with production sectors combining several brigades, livestock farms, and shops on the territory of one or more settlements situated in the vicinity of each other;

1. APK with branch farms in the case of big complexes or mountainous or semimountainous areas, great territorial spread of arable land and spread settlements. The branch farms may have independent balance sheets and accounts with the Bulgarian National Bank, sign contracts, and exercise other rights delegated to them by the APK general assembly.

(2) Industrial, auxiliary, and service activities of the APK shall be organized in brigades, shops, and enterprises operating on the basis of internal cost accounting, directly guided by the complex administration through production sectors or branch farms.

Chapter 5.

General Income Formation and Distribution

Article 18. The general income from APK economic activities shall be the difference between the revenue and material and monetary outlays.

Article 19. Revenues shall include the following:

1. Revenues from commodity sales;

2. Bonuses earned;

3. Increase in available unsold agricultural commodities;

4. Compensations received from the State Insurance Institute for destroyed agricultural commodities;

5. Positive difference between funds received or paid out for fines, damages, and other losses.

Article 20. Expenditures shall include the following:

1. Material and monetary outlays;

2. The negative difference between funds obtained and paid out for damages, fines, and other losses;

3. Other expenditures.

Article 21. The APK general income shall be distributed among the following:

1. Direct payments to the state budget, credit institutions, centralized NAPS and OAPS funds, and other social funds;

2. Withholdings for APK cash funds;

3. Resulting wage fund.

Chapter 6.

Labor Organization and Wages

Article 22. The APK and its subunits shall apply the principles of the socialist organization of labor, insuring the most effective utilization of natural factors, labor means and objects, and manpower.

Article 23. (1) Depending on specific conditions, the APK shall set up the following brigades:

1. Brigades applying industrial production methods;

2. Specialized brigades based on type of production or for a group of related types of output;

3. Mixed crop growing or animal husbandry brigades;

4. Comprehensive crop growing-animal husbandry brigades;

5. Brigades for secondary, servicing, and industrial activities.

(2) The basic stipulation in the development of the brigade organization of labor is the comprehensive and proportional utilization of all production factors.

(3) If required by production conditions, the production brigades may set up teams, temporary work groups, and other forms of internal brigade organization operating on the basis of internal brigade cost accounting.

(4) Temporary mechanized detachments and aggregate groups may be set up as part of the brigade for specific operations or, on an exceptional basis, as part of the complex, branch farm, or production sector. Their personnel wages shall be related to the end results of the production units they service.

(5) Family, small-group, or individual piece rates of payment may be used for labor-intensive production (or for specific operations).

Article 24. (1) The wages of APK workers, specialists, and management cadres shall be based on the quantity and quality of their work invested in public production, the end results, and the contribution of the individual labor collectives and production workers.

(2) The wage system of APK personnel shall be based on effective wage rates and tables of organization approved in accordance with established procedures.

Article 25. (1) The wage fund in the APK and its production units shall be directly dependent on end production results. Its size shall be a resulting figure in the distribution of the general income.

(2) The collective wage fund shall be divided among the members of the production units in proportion to their labor participation, quality of labor invested, and individual contribution. Production units shall receive their wages in full regardless of the results of the complex as a whole, providing that funds have been secured for the payment of such wages out of sources stipulated in the legal documents.

Article 26. The APK may apply other forms of additional material incentive for measures of decisive significance to upgrading production and increasing its effectiveness, as follows:

1. The APK may pay current bonuses for prompt and qualitative fulfillment of important agrotechnical, zootechnical, and other production-economic assignments, for regular and active participation in periods of high labor stress, and others. By decision of the general assembly, funds not exceeding five percent of the overall wage fund may be set aside for such purposes;

2. The APK personnel may be given bonuses in kind from the earned wage fund; those engaged in crop growing and animal husbandry may receive additional bonuses in kind or cash from part of the above-plan output achieved by the labor collectives.

Article 27. In the course of the year APK personnel may be paid advance wages not exceeding 90 percent of factual earnings.

Article 28. The APK shall draft internal regulations governing the labor organization and wages, which may use other methods for tying wages of people employed in agriculture to end results of economic activities. Such internal rules shall be coordinated with the trade union committee and adopted by the general assembly.

Chapter 7.

Social and Cultural Activities

Article 29. (1) The APK shall conduct its economic activities in coordination with the entire social and economic comity of the settlement system.

(2) The APK shall participate in building and organization of the social infrastructure of the settlement system and implement measures aimed at the further advancement of social relations and the comprehensive solution of settlement social problems.

Article 30. The APK shall participate in the implementation of programs for the development of the living environment in the settlement system, and the development of a set of working, living, and recreation conditions for the working people and members of their families, such as:

1. Measures for the year-round employment of the workers and for improving the labor conditions, hygiene, and safety in agriculture;

2. It shall organize and maintain a wide network of cafeterias for public catering, its own recreation and tourism base, rest homes, and areas for mass short-time recreation, and others;

3. The APK shall participate in the development of a material and technical base in the fields of education, culture, sports, health care, children's institutions, Pioneer and youth activities, urbanization of the settlement system, and communal-consumer population services.

Article 31. The APK shall provide free of charge suitable work clothing and individual protective means. It shall build shelters in the fields and hygienic facilities in the farm yards and brigade camps.

Article 32. The APK shall help workers and employees building houses with monetary funds, products, and others, and shall supply them with the necessary transportation.

Article 33. The APK shall implement measures aimed at upgrading the professional-technical skills of its workers and employees, and for the study of scientific and technical achievements and leading experience at home and abroad.

Article 34. If necessary, the APK shall insure commuting facilities for workers and employees to their jobs and their homes.

Article 35. The pensioning of workers, cooperative farmers, specialists, employees, and management cadres of APK shall be based on the Law on Pensions. Labor law relations within the APK shall be based on the Labor Code.

Article 36. Together with the trade union organs the APK shall:

1. Organize socialist competition for the fulfillment of counterplans and application of scientific achievements and leading experience;

2. Present monetary rewards or gifts to the winners with trips around the country or abroad, in accordance with stipulated procedures;

3. Submit proposals for awarding orders, medals and the badge "Excellent NAPS Worker," and suggestions for participation in grading in national and okrug competitions.

Chapter 8.

Management and Control Organs

Article 37. The APK shall be managed on the basis of the systematic application of the Leninist principles of democratic centralism and the state-public principle.

Article 38. The general assembly of individuals permanently employed by the APK shall be the supreme management organ.

Article 39. The general assembly shall:

1. Adopt the APK statute, and its amendments and supplements. It may include in the statute rules on problems not settled by the model statute, to the extent to which this is required by specific conditions and does not contradict the basic stipulations of the model statute of the APK, the NAPS and OAPS statutes, or other legal acts;

2. Adopt a regulation governing the structure and activities of the APK and its subunits, an internal regulation governing the organization of wages and internal cost accounting, an ordinance on internal financial control, a regulation governing private plots, an ordinance on the amount of withholdings for the various funds and the production-organizational and management structure of the complex and its subunits, and the size of the administrative-management personnel and its wage fund;

3. Consider and approve comprehensive development programs, five-year and annual counterplans, and collective labor contracts;

4. Consider and make decisions based on annual and periodic reports and activities of the management and control councils;

5. Elect by secret vote for a two-year term a chairman, members of the administrative council, and the chairman and members of the APK control council. A candidate shall be considered elected on the basis of simple majority vote;

6. Impose on the chairman of the APK and of the control council disciplinary penalties or material liability as per the Labor Code;

7. Recall ahead of time the chairman or members of the administrative council, or the chairman or members of the control council who have failed to justify the trust;

8. Make decisions on the merging, separation, reorganization, or termination of activities of the complex and its subunits and teams in accordance with stipulated procedures;

9. Make decisions regarding APK membership of NAPS, OAPS, and other organizations.

Article 40. The general assembly has a quorum if attended by no less than three-quarters of the APK personnel.

Article 41. Should the APK personnel exceed 300 people, problems within the competence of the general assembly may be resolved by the assembly of representatives who are elected annually. The assembly of representatives shall have a quorum if attended by no less than three-quarters of the elected representatives. The representatives shall be elected at meetings of branch farms, enterprises, production sectors, livestock farms, and brigades. There shall be one representative for no more than eight people; the number of representatives in big APK's shall be based on norms stipulated by the OAPS. The production workers shall be informed of decisions passed at the assembly of representatives.

Article 42. (1) The general assembly shall convene no less than twice annually by decision of the administrative council. It may be convened by the control council as well or by request of one-third of the APK personnel should the administrative council refuse to convene it.

(2) The invitation for a general assembly should be announced no less than seven days prior to the date of the meeting. The invitation shall indicate the place, date, hour, and agenda of the meeting.

Article 43. The administrative council shall be the executive organ of the APK. It shall consist of 11 to 31 members. It shall manage the APK in accordance with the decisions of the general assembly, the APK statute, and the laws.

Article 44. The administrative council shall:

1. Formulate plans for APK comprehensive development programs, and five-year and annual counterplans, submit them to the general assembly for adoption, and carry out measures for their implementation;

2. Organize, manage, coordinate, and control the implementation of the plan by the branch farms, production sectors and production brigades, as well as the social and cultural measures and other assignments;

3. Approve production technologies and the normative base for outlays of seeds, fertilizers, fodder, fuels, electric power, irrigation water, labor norms, and others;

4. Convene the general assembly of the APK, drafting the agenda and insuring the implementation of decisions passed;

5. Analyze and report periodically to the general assembly its activities and results of APK activities. Award moral and material rewards;

6. Consider statements and suggestions of the control council and the financial and other control organs and pass decisions on them;

7. Appoint and dismiss chief APK specialists, approve chairmen of branch farms, managers of production sectors, and managers of production units over which it has direct jurisdiction.

Article 45. The sessions of the administrative council shall be held at the request of the chairman or of one-third of its members. A session shall have a quorum if attended by three-quarters of the members. Members of the control council, chief specialists, specialists, and heads of state and public organizations may attend the sessions of the administrative council on an advisory capacity. The administrative council shall pass decisions by simple majority.

Article 46. The administrative council shall report on its activities to the general assembly, and its members shall be jointly responsible for malicious damages caused as a result of illegal actions or inactions.

Article 47. The administrative council shall elect from its members an operative bureau of five to nine members for a two-year term, to discuss and resolve current problems related to APK farming activities, with the exception of problems which are within the range of competence of the general assembly and the administrative council.

Article 48. The control council shall have from 5 to 11 members. It shall control the activities of the APK and the officials, and provide methodical guidance for the control organs of the complex branch. The control council shall report on its activities to the general assembly.

Article 49. The control council shall:

1. Supervise overall production-economic activities of the APK, checking accountability documents on outlays for labor, and material and monetary funds, in accordance with the existing laws;

2. Control the proper preservation and economical utilization of means and materials, the observance of technological, labor, financial, contractual, rate, personnel, and state discipline, the proper utilization of funds, the application of internal cost accounting, and the wages of workers and employees;

3. Submit an opinion to the annual accountability meeting on the report of the administrative council on the results of APK activities and the work of the administrative council during the year;

4. Consider complaints filed by workers and employees against the administrative council and management officials in the complex, and submit suggestions to the respective management organs for the elimination of occurred violations;

5. Exercise the functions of state and departmental control and guide the activities of control councils in APK subunits;

6. Inform the competent authorities on errors, violations, and misuses in economic activities committed by managers, employees, and workers, causing serious damages to the APK, for the purpose of holding them disciplinarily, administratively, penally, and materially liable.

Article 50. The control council shall account for its activities to the APK general assembly. Should the chairman of the control council have the powers and rights of a financial-auditing organ, he may draw up documents on the recovery of unauthorized expenditures.

Article 51. The control council shall give methodical and operative guidance to the employees in charge of controlling decisions, labor safety, environmental protection, and so on, for which activities it shall report to the APK chairman as well.

Article 52. The rights, obligations, and tasks of the APK control council shall be stipulated in an ordinance approved by the executive committee of the NAPS.

Article 53. With the help of the operative bureau the APK chairman shall organize, manage, control, and be responsible for the day to day activities of the complex, on the basis of the decisions of the general assembly, the administrative council, and the operative bureau, and shall represent the APK in dealings with state institutions, enterprises, organizations, or private citizens. The chairman shall be assisted by deputy chairmen chosen by the administrative council among its members. The APK chairman shall also be the chairman of the administrative council and the operative bureau.

Article 54. The chief accountant of the APK shall organize, manage, and be responsible for the financial activities, financial planning, crediting, accountability, and internal financial control. He shall report directly to the APK chairman.

Article 55. The APK chief specialists and specialists shall be responsible for the organization and implementation of the economic plans and assignments of the sectors they head, the observance of production technology, and the application of technical progress. The orders of the chief specialist and specialists related to the observance of the established production technology shall be mandatory to the production workers and other individuals involved in corresponding activities.

Article 56. The management of APK subunits and teams shall be provided by:

1. The collective organs: general assembly, economic council, control council, brigade council;

2. The economic managers: the chairman of the farm, the managers of production sectors and livestock farms, managers of brigades and shops, chief specialists, and specialists;

3. The functional units in charge of planning, accounting, labor and social development, material and technical supplies, and others. The type and structure of the functional units shall be defined by the APK administrative council.

Article 57. A general assembly of APK subunits and teams shall be organized on the level of the branch farm, enterprise, sector, livestock farm, brigade, or shop. The general assembly shall be attended by the entire personnel employed in production and management of production units. Should the number exceed 300, the general assembly shall take place through delegates representing no more than five members each.

Article 58. (1) The general assembly of the farm or enterprise within the APK shall:

1. Adopt a regulation on internal organizational structure and activities of the subunit;

2. Elect by secret vote a chairman, members of the economic council, and a chairman and members of the control council for a two-year term, and delegates to the APK general assembly;

3. Adopt the production-financial plan and measures for its implementation;

4. Consider quarterly and annual reports on the activities of the subunit, the economic council, and the control council;

5. Discuss and submit proposals on the organization of wages and internal cost accounting, measures for social development and improving the life of the workers and working conditions, strengthening labor discipline, preservation and proper utilization of socialist property, and the upgrading of the labor collective;

6. Discuss and adopt measures for the implementation of the plan and the tasks for the self-satisfaction of settlement systems with basic agricultural products.

(2) The general assembly shall convene no less than once quarterly and shall have a quorum if attended by no less than three-quarters of the regular personnel.

Article 59. (1) The economic council of the farm or enterprise within the APK shall consist of 5 to 11 members. The chairman of the farm or the enterprise shall also be the chairman of the economic council.

(2) The economic council shall consist of chief specialists, specialists, managers of production sectors, brigades, and livestock farms, chiefs of shops, leading production workers, and representatives of the social organizations.

(3) The economic council shall meet no less than once monthly. It shall manage the economic activities in accordance with the decisions of the general assembly and the existing laws.

(4) The economic council shall:

1. Administer the fomulation of the production-financial plan and the measures for its implementation. Allocate assets for the various funds within the approved maximums and coordinate the activities of the managers of production units for the rhythmical implementation of the production programs;

2. Contribute to the practical utilization of scientific and technical achievements, improvements in the organization of the work, and development of rationalization activities;

3. Listen to the report on the results of economic activities. Together with the trade union management, present awards to noted production workers and specialists within the stipulated ceiling, and submit for decision by the APK administrative council requests for awarding moral and material rewards based on the competition, within the framework of the complex;

4. Together with the trade union management, organize the upgrading of workers' skills, strengthening of labor discipline, development and accounting of the socialist competition, study and application of leading experience and innovations, implementation of social measures, etc.;

5. Adopt measures for self-support, and allocate individually land for private use and supervise its proper utilization;

6. Consider and resolve petitions submitted by workers and employees.

Article 60. The control council of the farm or enterprise within the APK shall consist of three to five members. It shall be headed by the

control council and report on its activities to the general assembly of the subunit.

Article 61. (1) The control council of the farm or enterprise within the APK shall supervise the following:

1. Observance of planning, contractual, technological, labor, and financial discipline;

2. Effective utilization of the land, equipment, and other productive capital;

3. Utilization of manpower resources, labor safety and environmental protection;

4. Other tasks assigned to it by the APK general assembly or control council.

(2) The control council shall consider complaints by workers and employees and submit them to the corresponding management organs for resolution.

Article 62. The general assembly of the sector, livestock farm, brigade, or shop, shall:

1. Elect a manager and production council of the sector, livestock farm, brigade, or shop, for a term stipulated by the APK administrative council, and delegates to the general assembly of the farm or enterprise;

2. Adopt the plan and measures related to its implementation;

3. Consider the implementation of the production program and the internal cost accounting;

4. Adopt measures to strengthen technological and labor discipline, labor safety, and protection of socialist property;

5. Discuss proposals submitted by the production council and trade union committee for giving moral and material incentives to distinguished production workers.

Article 63. The following shall be members of the production council of the sector, brigade, livestock farm, or shop: the manager, leading production workers, and representatives of sociopolitical organizations.

Article 64. The production council of the sector, livestock farm, brigade, or shop, shall:

1. Adopt production assignments and measures for their implementation, control the observance of technological discipline, and report on the implementation of internal cost accounting;

2. Submit proposals to the general assembly for granting awards to leading production workers, and penalizing the violators of discipline and labor safety regulations.

Article 65. Should more than one production sector, livestock farm, shop, or brigade operate on the territory of a single settlement without a single structural subdivision, a coordination council shall be set up which shall include the managers of the production units. One of the economic managers of the settlement shall be elected coordination council chairman.

Chapter 9.

Private Farms

Article 66. The private farm is organically linked with and the natural extension of the public farm. It is a method for the organization of additional production of agricultural commodities for the fuller satisfaction of social and individual requirements of the population within the settlement systems.

Article 67. The APK shall manage and assist the private farm and be responsible for its effective development and for insuring the settlement system with basic agricultural commodities by:

1. Providing aid and assitance to the private farms for the application of scientific and technical achievements and leading experience;

2. Providing agrotechnical, zootechnical, veterinary, transportation, and other services;

3. Supplying the private and auxiliary farms with seeds, planting materials, fertilizers, chemicals, fodders, machinery, tools, spare parts, and others, related to their activities;

4. Organizing the purchasing of livestock, poultry, fodder, and other agricultural commodities from the private and auxiliary farms, on a free or contractual basis;

5. Marketing agricultural commodities purchased from the private and auxiliary farms.

Article 68. (1) Households working the mandatory minimum of man/days as stipulated by the APK general assembly have the right to land for personal use.

(2) The right to land for personal use is also granted to households of individuals pensioned as per the Law on the Pensioning of Agricultural Cooperative Farmers, residing on the territory of the agricultural organization, as well as pensioners who have been directly employed in APK production over the last five years preceding their retirement or who live on the territory of the complex following their retirement.

(3) By decision of the general assembly land for private use, of a smaller size, may be granted to other individuals as well who live on APK territory, providing that they participate in their free time in agricultural production or hold elective state or public positions.

Article 69. (1) The size of the land for private use shall be determined by the general assembly. It may not exceed five decares.

(2) The private farms regulation adopted by the APK general assembly shall stipulate differentiated amounts of land for private use, taking into consideration the category of the land, nature of the area, labor participation in agricultural production, number of household members, and others.

(3) Open yard and cottage land and unimproved land shall be included in the amount of land allocated for private use.

(4) Temporarily disabled individuals, handicapped as a result of a labor accident in the APK, and individuals on maternity leave shall be granted land for private use under the conditions stipulated in the regulation adopted by the general assembly.

Article 70. (1) Land for private use in excess of the sizes stipulated in Article 68 and 69, as well as underproductive and neglected land may be allocated under the conditions and within the size stipulated in the regulation on private farms, providing that a contract is concluded with the APK for the sale of milk, meat, and other agricultural commodities.

(2) In accordance with government norms, the APK general assembly may grant additional uncultivated land to residents on the territory of the APK with a view to the fuller utilization of natural resources and the self-sufficiency of settlements with agricultural problems.

Article 71. The land for private use shall have a specific location which may be changed only by decision of the general assembly. In such cases perennial crops and other improvements made by the farmers shall be paid for by the APK.

Article 72. (1) The type and number of productive cattle in the private farms shall be determined by the APK general assembly.

(2) Private farms may raise additional livestock on the basis of a sale contract with the APK.

Article 73. The working people may own small agricultural machinery and other agricultural tools for the requirements of their private farms.

Article 74. (1) The method for the cultivation of the land for private use and the raising of livestock (collectively or individually) shall be determined by the general assembly.

(2) The use of hired labor, whatever the system, is forbidden.

Article 75. The land granted for a private farm shall be taken away from individuals who do not use it for that purpose, who release it or transfer it to other individuals, or who have lost their rights as per Article 68.

Article 76. Additional labor invested by agricultural workers for the production of goods in the private farms, sold through the APK, shall be considered as labor longevity for purposes of social insurance and retirement in accordance with the laws.

Article 77. Economic organizations using APK land for the organization of auxiliary farms shall make the proper payments to the APK for such land.

Article 78. (1) One the basis of Chapter 9 of the present regulation, the APK general assembly shall adopt a private farm regulation.

(2) Any dispute arising in connection with the application of the private farm regulations shall be settled by the OAPS.

Chapter 10.

Penalties and Procedure for Their Imposition

Article 79. The following penalties shall be imposed upon individuals guilty of violating the technological and labor discipline or of other violations of the APK statute and internal order regulation:

1. The penalties stipulated in the Labor Code;

2. Reduction or total removal of the land for private use;

3. Deprivation of the right to bonuses in kind;

4. Compensation for expenditures caused by substandard work;

5. Transfer to another production unit;

6. Any other penalty as stipulated in the legal acts.

Article 80. (1) Disciplinary penalties and material liability as per the Labor Code shall be imposed by the APK chairman after hearing the explanation of the perpetrator of the violation.

(2) The APK chairman may assign direct superiors to impose certain lessor penalties.

Additional Stipulations

#1. The NAPS and the executive bureau of the OAPS shall provide state control over the activities of the APK.

#2. Illegal decisions or actions taken by the general assembly, the administrative council, or the chairman of the APK may be stopped or annulled by the NAPS chairman, the OAPS executive bureau, the prosecutors, or other corresponding state organs.

#3. The stipulations of the model statute may be included, in full or partially, in the regulations of the subunits engaged in agricultural activities of state economic trusts, scientific-production trusts, industrial agrarian trusts, labor production trusts, scientific production combines, and so on, as long as they do not conflict with the legal acts regulating their activities.

Final Stipulations

#4. The present statute was adopted by the NAPS Central Council on 13 February 1980 on the basis of Article 15, point 6, of the NAPS statute.

The statute was adopted by the general assembly of the . . . . APK in the city (village) of . . . . . okrug, on . . . . 198....

(APK seal)

Deputy chairman:
Assembly secretary:
Chairman: V. Tsanov

5003
CSO: 2200

LER ANNOUNCES FINANCIAL, BUDGETARY POLICIES

Prague HOSPODARSKE NOVINY in Czech 4 Jan 80 pp 1, 4

[Article by Eng. Leopold Ler, candidatus scientiae: "Fiscal and Budgetary Policies"]

> [Text] The principles and main goals of the fiscal and budgetary policies for 1980 have been established so as to insure attaining the economic and social policies concretized in the challenging targets of the state implementation plan. In establishing these policies the long-term strategic goals of the Sixth Five-Year Plan and the financial prospects for the 5-year period were also taken as starting points. Consistent with this, the state budgets of the CSSR are balanced on the basis of the overall fiscal plan. The state budget has been drafted in close coordination with the above-mentioned plan and the financial plans of all management elements in the enterprise sector so as to effectively mobilize the internal resources and reserves in the national economy in order to create a challenging economic climate and economizing throughout the entire reproductive process.

The final year of the five-year plan will be a symbol of the fight to fulfill the main goals established by the CPCZ 15th Congress. The economic policy documents approved by this congress, the plan and the budget, are expressions of attempts by the government and state and economic organs to insure the continued growth of the national economy by utilizing intensive growth factors, by bringing existing reserves into play, by eliminating shortcomings and by solving existing problems.

Complex conditions here and abroad to which we shall have to continue to adapt mean that the growth rate is failing to achieve the rates set by the five-year plan. Despite this slower growth of the national economy our economy continues to develop in accordance with the policies of the Sixth Five-Year Plan and on this basis our people's standard of living is also rising, to the extent that the means allowing for this are created. At the

14th session of the CPCZ Central Committee the results our labor has achieved, the most important requirements for social economic development and the possibilities and resources for meeting these were convincingly set forth. The results achieved must be evaluated in the light of the existing world economic situation and the ever-growing influence of international economic relations on our economy.

Last Year's Economic Results

The federal budget for 1979 was balanced when it was drafted, its balance being contingent on increased effectiveness and economizing, the rapid growth of financial resources, a proportional growth of resources and requirements in the economic sphere, the mobilization of discretionary funds by enterprises and the supraenterprise sphere, and the attainment of the optimal structure for financing planned requirements from individual sources of funds.

Some of these requirements could not be completely fulfilled last year, which had an effect on the fulfillment of the federal budget. A further adverse influence was the necessity of covering certain new unforeseen costs related, for the most part, to adjustments in the foreign trade plan to compensate for changes in foreign prices and for the necessity of increasing grain imports. It was also necessary to finance further requirements of the energy and other sectors outside of the plan. Measures taken by the government to lessen these negative impacts contributed to insuring that the federal budget was balanced. A portion of the decrease in federal budget funds was recouped by adjustments in the sales tax on certain consumer goods and on energy.

The 1979 fiscal year is not over yet, but we can nevertheless predict on the basis of the results of the first 11 months that the federal budget will be balanced just at it has been in previous years. Under the circumstances, this is a positive result. In evaluating it, however, it must be taken into consideration that the balanced budget was not achieved at the originally intended level of quality.

The course of the fiscal year demonstated what is holding us back in developing our economy, it uncovered shortcomings in our work, including some in the area of management. At the same time it was shown how great are the reserves that can be made available by developing labor initiative, by appropriately reacting to new situations, and by encouraging adaptability in management.

What Is Important This Year

The major development goals for the national economy for 1980 betoken an acceleration of the pace of social production compared to last year, the 3.7-percent planned growth of national income being achieved primarily by an increase in the social productivity of labor, which should rise 3.3 percent.

The overall concept of economic development is markedly influenced by the prior solution of the problems of foreign economic relations. As a result of the rise of import prices and our previous negative balance of trade, we must insure that exports grow faster than imports. Therefore, we cannot use every form of national income generated by the economy for accumulation and nonproductive consumption: the growth rate of utilization of national income is planned at 2.2 percent, and is thus lower than its rate of formation. This also sets a limit on the growth of expenditures in the productive and nonproductive sectors and on the rise in the standard of living as well.

These factors require concentrating labor and funds on the key goals in production, foreign trade and investments, insuring the growth of labor productivity and increasing the effectiveness and quality of production. These requirements are fully reflected in the federal budget, otherwise it would not even be possible for its revenues and expenditures to be balanced.

The most important goals of our fiscal and budgetary policy for this year are increased effectiveness, economizing, and improved quality. These problems must become the focus of the entire structure of economic policy. The federal plan and the federal budget present a great challenge to the level and quality of management and to the way the tasks of the country's economic and social development are fulfilled.

The 1980 Federal Budget

The purposes and goals of our fiscal policy are expressed throughout the entire budgetary system. The federal budget, the state budgets of the republics and the budgets of the national committees are all balanced. The volume of the state budget, including the budgets of the national committees, will total 298.5 billion Kcs this year, which will be 61.4 percent of the national income generated. Under conditions comparable to last year's this amounts to a 2.7 percent increase.

No important changes have been made in the structural breakdown of revenues and expenditures in the budget: 86.4 percent of revenues, that is, the major portion, come from deliveries and other revenues from socialist organizations.

The largest part of the budget, 41.6 percent, is devoted to expenditures for social insurance and noninvestment expenditures for education, health care and other areas of the people's social consumption. Expenditures for defense, security and administration amount to 9.1 percent of the federal budget, while 18.4 percent goes for financing investments in state organizations, and 30.9 percent for non-investment-type economic development expenditures.

The rise in certain classifications of expenditures is established differentially, actual economic capabilities and requirements being taken into account. Increased demands on the budget in the area of foreign trade had to be compensated for by a marked restriction in the rise of grants to economic organizations.

Out of the federal budget's revenues, which are to total 104.1 billion Kcs this year, 60 billion Kcs or 0.7 percent more than in 1979, are to go for financing federal administrative organs and organizations; grants to the state budgets of the republics will total 104.1 billion Kcs or 2.6 percent more than last year. In the budgets of the national republics the portion of their own resources being used to cover their expenditures is increasing, and the same trend is visible in the budgets of the national committees as well.

The total of the budgets of the national committees for this year is 2.2 percent higher than it was in 1979 and amounts to over 96.42 billion Kcs. This increase in budget funds results from the higher goals of the state implementation plan, especially in the area of investment construction.

The budgets of the national committees are balanced with the help of grants from the state budgets of the national republics. These do not include supplementary funds that the national committees use within their sphere of authority for accelerating planned development, especially in insuring that 2-action election programs are carried out. They already reflect the directives of the CSSR government concerning drafting the state plan for 1980, methodological changes resulting from the new directives in agriculture (increasing the rate for contributions to cooperative farmers' social insurance and increasing the agricultural tax rates), as well as changes in charges for polluting streams in water management and budgetary policy measures to improve effectiveness this year (e.g., by holding down losses by housing enterprises, decreasing travel expenses, etc.)

Targets for the Economic Sphere

Fulfilling the targets of the economic sphere in increasing effectiveness and economizing plays an exceptionally important role in fulfilling the major goals of our fiscal policy. In the 1980 fiscal plan for the entire country the difference between resources generated by the economic sphere, especially through interest, deductions, the final result balance of the economic tools of foreign trade and other sources and the development requirements of this sphere, that is, especially thorugh expenditures for investment and the growth of resources if rising from 48.4 billion Kcs this year to 58.3 billion Kcs, that is, by almost 10 billion Kcs. The challenge that this target represents is shown by the fact that in 1978 the half-year growth totaled 4.2 billion Kcs.

The economic sphere feels the effect of the economic conditions of imports only to a very limited extent in the course of its activities and it not infrequently occurs that its isolated view of the effectiveness of exports, as measured by the difference indicator, causes in it a feeling of satisfaction which in many cases is unfounded.

Thus, it is entirely appropriate for the obligatory targets in exports to be established in such a way that the difference indicator is not at over

5 percent. In utilizing the rules of material incentives, the economic sphere must concentrate its efforts on meeting and surpassing this indicator.

The retardation of the rate of growth of the financial requirements of economic organizations is also to play an important role in increasing the financial contribution for society this year. In comparison with 1978 and 1979, the increase in expenditures for investment is declining, which reflects the intention to subordinate the rate of investment in the national economy to the existing growth capability of the national income. The fiscal plan further envisages that the supply sector of the economy will mobilize reserves that have until now been underutilized. In 1977 the growth of supply amounted to 7.7 billion Kcs for the entire system of economic organizations; in 1978 it was 10 billion Kcs, and last year it was approximately 14.5 billion Kcs. This year its growth will be limited to 11.2 billion Kcs. This is based above all on the goal of accelerating the turnover of supplies in industry and construction by almost a day. Just as in the other areas of financial economy, it is necessary to purposefully create the conditions for improving exports in the supply sector, too. Supplies can in no case be considered a residual component of economic processes, since their optimal development is an important precondition for smoothly functioning production.

Increasing the financial contribution of the economic sphere for society should also create the conditions for a further increase in the positive balance of payments and grants in the relations between the economic organizations and the state budget. Payments from these organizations (without the sales tax) should rise 5.7 percent, that is 6.8 billion Kcs, while construction investment grants are to rise only 1.4 billion Kcs and noninvestment grants, 0.8 percent. The increased pressure on the mobilization of financial resources of enterprises and the organs to which they are subordinated is likewise reflected in these proportions in establishing their requirements for expansion.

Three Sectors We Must Concentrate On

In achieving a higher level of intensification of social production a key element is the use of science and technology in production, the rapid putting of scientific and technological advances into practive, the assimilation of new knowledge, etc. In this area, however, we cannot be satisfied with the results we have so far achieved: the federal plan for technological development was not satisfactorily fulfilled for even a single year of the Sixth Five-Year Plan. A number of facts testify that the planning and administration of science and technology have not yet assumed their proper place in the administrative system. If we are to hold our own in the international current of the scientific and technological revolution and maintain our place among the leading industrially mature countries, then we must achieve a higher degree of efficiency in coordinating time and materials, from research all the way through to the application of its results; we must consistently concentrate our efforts on this area.

The material, investment and financial conditions for continued scientific and technological progress are created in accord with the course set by the plan and the budget. This year we are putting 17.1 billion Kcs into nonin-vestment expenditures in this area, 1.7 percent above last year's level. Funds are being concentrated on a smaller number of projects in order to hasten their completion.

The results we achieve in foreign trade are a severe but just measure of the quality of our economic development. The effectiveness of foreign trade is determined by the overall level of effectiveness of the national economy, which it in turn affects. It is reflected in the balance of trade and balance of payments where more than anywhere else it becomes clear how we are managing to deal with the demanding conditions in the world market.

The rise in the price of finished products, which is what we export for the most part, is differentiated. Higher prices are received especially for products of above-average quality that meet high technical and economic specifications and are reliable and of high quality, an important factor here being the reliability of service and the provision of replacement parts. These requirements, which seem to represent a considerable challenge to many of us here, are the norm abroad, and thus even our export prices often do no achieve the level achieved by the competition. We must draw practical conclusions from this; above all we must take concrete steps in the production organizations to improve the existing situation.

A higher than predicted rise in import prices, or a lower rise in our export prices, would have a deleterious effect on the effort to balance the budget. In this regard we have to say that relations with other countries are an area where we have markedly failed to meet the goals of the Sixth Five-Year Plan.

Another area with which we cannot be completely content is that of investment construction. This year we are lowering the rate of investment to 30.5 percent (1979 - 20.6 percent). Despite this the total volume of funds marked for investment is significant. Their better employment, even if only by discovering reserves, would have a marked positive effect on the overall effectiveness of the economy.

The financial requirements for investment construction this year amount to 167.3 billion Kcs, 1.2 percent less than in 1979, of which 54.8 billion Kcs, or 32.8 percent, are financed from the state budgets. The largest portion, 49.3 percent, is from the organizations' own funds (5 billion Kcs less than in 1979), and the remaining 17.9 percent is covered by loans.

The Standard of Living

The challenging targets set by the state plan and the state budget are aimed at achieving a higher degree of management effectiveness, economy and efficiency, and thereby fulfilling the aims of the economic and social policy

established by the CPCZ 15th Congress, the most important of these being to insure the continued rise of the standard of living. This is no easy task under existing conditions. In years past we have made great strides toward raising the standard of living and have attained a high standard which we not only want to maintain next year but even to raise as allowed by the capabilities and results achieved by the economy.

The total nominal income of the population is to rise 18.2 billion Kcs over last year's level, that is, 5.3 percent as compared to 3.8 percent last year. This growth rate, which is higher than the rise in the national income, is affected not only by the increase in wages resulting from the rise in production and social payments due to demographic changes, but also by the compensatory measures taken in conjunction with the price adjustments last August. Revenue from income taxes, however, will continue at the same rate, and will rise by 3.7 percent.

In insuring the living standard of the population we must especially emphasize providing the domestic market with goods satisfying the citizens with regard to selection and quality. The rise in incomes leads to greater demands for quality consumer goods and services, which can be satisfied only by continuing to improve the work of the producing enterprises and trading organizations.

Another factor affecting the living standard is the size of the annually increasing expenditures on the behalf of the population by the federal budget and the budgets of the national committees. This year a total of 124.1 billion Kcs will be spent on social and cultural programs. This amounts to 8,093 Kcs per capita; last year the figure was 7,887 Kcs, in 1976 it was 6,958 Kcs, and in 1971 it was 5,351 Kcs.

We must also consider the other sums devoted to the population in the federal budget. For example, grants for local public transportation will surpass the 2 billion Kcs mark, (13 percent higher than last year's level), and payments to housing construction enterprises to cover losses will amount to 3.9 billion Kcs. If we include under this heading amounts paid by enterprises for the public good the total amount of social services per capita amounts to over 9,000 Kcs.

Every year this is a significant amount that grows despite reduced capability in recent years. This growth is made possible by the results of the people's work and, frankly, it must be said that it would be even larger if everyone worked better, more purposefully, and, most importantly, more efficiently.

Improving the Quality of Planned Management

Solving the problem of the continued growth of the economy depends above all on improving the quality of management in all areas and in every sector of the national economy. The system of planned management, the entire economic mechanism, must correspond to the level of development attained by

the production forces and the specific targets of the given stage. The conclusions of the CPCZ 15th Congress and the various sessions of the central committee contain a number of important directives on improving management.

In accordance with these directives a number of studies have been conducted and analyses aimed at improving the system of planned management have been made, and major steps towards its improvement have been approved. At the present time they are working intensively at the central organs on specific plans and a more detailed elaboration of the system of planned management of the national economy which will go into effect next year. We are utilizing the positive elements of the existing system and the results of a complex experiment on management effectiveness and quality begun two years ago.

Of value to us is not only the rich experience we have gained in the thirty years spent building socialism but also the knowledge and experience of the other socialist states. The provisions published last year by the Central Committee of the CPCZ on courses to further improve the management of the national economy of the USSR will be fully utilized in this work.

In addition, a number of measures to strengthen planning have already been taken in the course of the Sixth Five-Year Plan: The government adopted a series of measures to improve the management of financial relations through a system of centralized coordination to be followed by a larger role for economic law, especially that relating to economic contracts. Losses resulting from substandard work have occurred since 1979: all the extra expenses this causes affect the amount of services and wages and are deducted from the realized profit in evaluating the fulfillment of its composition an thus affect the funds available for cultural and social programs. Measures to improve the reproduction process for basic goods are also gradually being put into effect.

All of the measures we are preparing must result in a real strengthening of the principle of planned social and economic development and, at the same time, must create a larger sphere for genuine khozraschot independence and responsibility for finding ways to optimally satisfy the needs of the entire society. We want to support the initiative of the producing economic units, enterprises and all the workers striving to creatively fulfill the targets set by the plan.

The plan sets aims and targets whose effective and high-quality execution requires that responsible management be developed, that it not passively wait for orders and directives from above. It is necessary to chose nontraditional forms and approaches even if these involve some risk for the managers. What are decisive are the ability and the desire to contribute to fulfilling the goals of our country's social and economic policy.

This year is the last year of the Sixth Five-Year Plan. Our possibilities upon entering the next five-year plan, the 1980's depend to a great extent on whether and how we adhere to the federal plan and federal budget. We

are faced with challenging tasks. The key to mastering them, as Comrade Gustav Husak said at the 14th session of the CPCZ Central Committee, lies with the people, and in the improvement of cadre work so that its demands meet current requirements. The most important criterion for evaluating a manager at any level must be, besides his political views, the concrete results of his work.

We have what is necessary for the continued successful development of our national economy. There is an enormous economic potential in our country, our people are hardworking, capable and mature. We are led by a communist party that is strong and united and that has a clear and realistic program for our country's social and economic development. We know where we have succeeded, and we also know the reasons for our shortcomings and the ways to eliminate them.

The Major Sources of Income and Expenditures for Economic Organizations (in billions of Kcs)

VÝVOJ HLAVNÍCH DRUHŮ ZDROJŮ A POTŘEB HOSPODÁŘSKÝCH ORGANIZACÍ (v mld Kčs)

	1977 skut. (1)	1978 skut. (2)	1979 oček. skut. (3)	1980 plán (4)	Přírůstek (5) 78/77	79/78	80/79
Reálný zisk (6)	69,58	77,47	85,03	89,19	7,89	7,56	4,16
Odpočty (7)	41,10	44,00	47,21	50,93	2,90	3,21	3,72
Ostatní (8)	32,05	31,96	31,49	31,08	-0,09	-0,47	-0,41
Celkem (9)	142,73	153,43	163,73	171,20	10,70	10,30	7,47
Výdaje na investice (10)	93,76	97,07	100,87	101,79	4,21	2,90	0,92
Přírůstek zásob (11)	7,70	9,98	14,51	11,14	2,28	4,53	-3,37
Celkem (12)	101,46	107,05	115,38	112,93	6,40	7,43	-2,45
Saldo (13)	+41,27	+45,48	+48,35	+58,27	+4,21	+2,87	+9,92

(14) Poznámky: 1) Reálný zisk = zisk po snížení dotace zlepšující hospodářské výsledky. — 2) Očekávaná skutečnost roku 1979 a plán roku 1980 srovnatelná v ekonomických podmínkách roku 1979.

Key:

1. 1977, actual
2. 1978, actual
3. 1979, anticipated actual
4. 1980, planned
5. Increase
6. Real profit
7. Deductions
8. Other
9. Total
10. Investment expenditures
11. Growth of reserves
12. Total
13. Balance
14. Notes: 1) Real profit = profit after reducing the grant improving economic results. 2) Anticipated actual result for 1979 and planned result for 1980 under conditions comparable to those of 1979.

The Sources of Income and the Expenditures of the National Committee Budgets in 1980

STRUKTURA PŘÍJMŮ A VÝDAJŮ ROZPOČTŮ NA RODNÍCH VÝBORŮ V ROCE 1980

1	Vlastní příjmy	36,48	103,6
2	Prostředky redistribuce (fond výstavby NV a rezervní fond NV)	1,97	102,1
3	Globální dotace	25,55	99,7
4	Účelové subvence	32,01	104,3
5	Ostatní zdroje	0,41	-
6	Příjmy celkem	96,42	102,3
7	Výdaje na investice celkem	23,36	101,4
8	v tom: - hosp. organizace	5,72	99,7
9	- rozp. a přísp. organizace	27,64	134,6
10	Neinvestiční dotace hosp. organizacím	6,94	97,5
11	Neinvestiční výdaje rozp. a přísp. organizací	61,12	102,2
12	z toho: kult. a soc. opatření	47,51	103,1
13	Výdaje celkem	96,42	102,2

Key:

1. National Committee sources
2. Redistribution funds (National Committee construction and reserve funds)
3. General grant
4. Specific grants
5. Other sources
6. Total income
7. Total investment expenditures
8. including--economic organizations
9. including budgetary and contributing organizations
10. Noninvestment grants to economic organizations
11. Noninvestment expenditures of organizations
12. Including: cultural and social programs
13. Total expenditures

8805
CSO: 2400

PAST, FUTURE OF TRACTORS IN AGRICULTURE DISCUSSED

Prague MECHANIZACE ZEMEDELSTVI in Slovak No 2, Feb 80 pp 54-58

[Article by Engineer Jozef Semetko, ScC, university lecturer, Agricultural College, Nitra: "Tractors in the Thirty Years of the Development of Czechoslovak Agriculture"]

[Text] The tractor was, and still is, one of the basic technological machines in agriculture, and therefore, tractors have played an important role during the period of building and development of our socialist agriculture. In its initial stage, in 1948-1958, tractors, particularly those owned by machine-tractor stations, were the mainstay of the technical production basis and facilitated the rapid transition from the small economic production forms to large-scale socialist production and consolidation of cooperative farms. With increasingly broader selection of machine attachments, tractors blazed the trail for the scientific technological development in our agriculture. Thus, they were able to help raise significantly the level of intensity and efficiency of our entire agricultural production, and consequently, released the necessary work force for the rapidly developing industry.

In the beginning of the process of socialization in Czechoslovak agriculture only few thousands of model Zetor 15, and later, of Zetor 25, Zetor 25 A, Zetor 25 K, and Skoda 30 tractors were on hand. Therefore, at that time we used also steam ploughs for cultivation, particularly for plowing. The work with those machines was extremely demanding in terms of human labor. A set of steam ploughs required two machinists, a plough-operator, and two drivers for horse teams to supply water and fuel for the plough. The capacity of that set amounted to 8-10 hectares in a 12-hour shift, i.e., 6.25 hours of human labor per 1 hectare.

Considerable changes have occurred during the 30 years of socialization also in the development of cultivators and of power supplies that make such a development possible. Kirovets 700, 701, the Soviet made tractor with 161 kW engine capacity, is a vehicle of the second generation. The efficiency of this tractor, for example, in combination with an attached 8-share PN-8-15 plough with 2.8 meter gear, is 2 hectares per hour for average

plowing, which means the consumption of only 0.5 manhours per hectare. Labor productivity in that case is 12 times higher than with steam plough. We obtain similar results if we compare the not very efficient 11, 18, and 22 kW tractors used in the past with recent models of 50, 100, and 150 kW capacity in other operations.

In the beginning of the process of socialization of Czechoslovak agriculture we had to use small-scale production technologies because of a lack of suitable and efficient equipment. At that time, for instance, corn used to be planted manually, pinch by pinch, in general in the last row of two-share ploughs pulled, for example, by a Z-25 tractor. Potatoes were planted in the same way. It took as much as 20 hours per hectare. Today for instance, we sow corn with 12-row planters for precise sowing of the corn, with simultaneous herbicide treatment. The consumption of human labor in this case is 15 minutes per hectare, which raises labor productivity as much as 80 times. We can make similar comparisons in other operations where tractors and machine attachments determine the specific consumption of human labor.

Tractors and the Value of Basic Means

Laborious manual labor was predominant in agriculture in the beginning of the process of socialization of our villages. Nevertheless, the organization of cooperative farms proceeded very rapidly (5848 united agricultural cooperatives in 1952, as many as 10,816 in 1960). Agricultural enterprises were furnished at the same rate with basic means, machinery, half of them tractors. For instance, in 1948-1973 the basic means in the cooperative and state sectors nearly trebled their value. However, the same value of basic equipment, converted to one worker in agriculture, increased six times over the same period. This fact is proof that from the very beginning of collectivization it was necessary to cope with relatively rapidly diminishing labor force, which could be achieved only by systematic equipment of agricultural enterprises with increasingly more efficient machinery. These facts were reflected in the development of tractors as well.

In the initial stage, the tractor served primarily as substitute for the animal traction, which also considerably determined the construction of the tractor; the other decisive factor, next to the technological standard of the machine engineering production, was the utilized equipment based primarily on harnessing. Power was transmitted from the engine to the operating machine by means of driving gears of the tractor, in other words, in the form of traction. For that reason, such tractors were characterized by their sturdy construction and relatively low engine capacity.

Increasing the Speed of the Tractors

Higher speed was gradually required not only in transportation but also in certain field operations, and that raised the demands on the efficiency of tractor engines. The bulk of agricultural machinery, in the form of

attachments, could be combined, which in turn reduced the bulk of the tractor body. Higher demands on the ground clearance, adaptability of wheel spacing (for different spacing of rows of cultivated crops), etc., changed the standard tractor, designed mainly for traction, into the general purpose tractor.

The power take-off shaft and the external driving system further added to the versatility of the tractor, or as the case may be, to the control of agricultural machinery. Thus, the original single-purpose equipment of the standard tractor used for plowing developed into a general purpose power vehicle that was indisputable advantageous for small agricultural enterprises, where a tractor was required to perform the whole scale of agricultural operations, from plowing to agricultural transport. Our tractors fulfilled those tasks in the 1950's and 1960's when they plowed over the boundaries and set up the main power base in the first years as well as later, in the years of joint management that were less successful in terms of economy.

The general purpose tractor may be able to perform almost any kind of field work, but is lacks the most advantageous preconditions for any such operation. The rising level of agricultural production, its intensification and rationalization have made increasingly higher demands on the performance of agricultural operations and called for several special adaptations in the construction of tractors to climatic and ground conditions, cultivated crops, and particularly, to operational procedures, stemming from the progressive development of technology.

Trends in the Development of Agricultural Mechanization

We can discern two basic trends in the development of our socialist agriculture over the past 30 years, which is also evident from the party and governmental documents. One trend focused on the introduction of mechanization of all basic agricultural operations, the other followed a more challenging role, namely, to deal at the same time with agricultural mechanization and with its efficiency. This leads to the vertical and horizontal integration, cooperation, and intensification.

The necessary all-purpose equipment has become excessively costly for large enterprises with a fleet of power vehicles. At the same time, some tractors are being used continuously, for example, for transport with trailers, others work exclusively in the fields with a limited assortment of machinery. Therefore, some of them do not need the complex and expensive hydraulically operated three-phase attachments equipped with several systems, while others do not use the air-pressure equipment, etc. Furthermore, the general purpose tractors cannot perform all individual operations as efficiently as specialized tractors.

The growing number of mobile power vehicles in any one enterprise has created preconditions for their specialization--they offer economically advantageous

solutions in the form of specialized power vehicles, i.e., self-propelled machinery. In recent years we have come to realize the advantages of replacing the single-purpose mobile sets of tractors and attachments with self-propelled vehicles: self-propelled cutter, self-propelled gatherer, self-propelled loader, self-propelled root-crop gatherer, and farm automobiles.

In the course of the year fewer and fewer power vehicles will be deployed for various operations that require versatility. Even in terms of the original basic purpose of the tractor, i.e., plowing and preparation of the soil, we anticipate the development of special self-propelled machinery designed for aerial operations (plowing, fertilizing, cultivation). Of course, our most efficient tractors today (K-701, ST-180) with equipment for cultivation of the soil are essentially single-purpose mobile vehicles for preparation of the soil.

The Effect of Concentration and Specialization on the Development of Power Equipment

The process of concentration and specialization in the production directly affected the development of mobile power equipment. That process offers wide opportunities for the application of specialized self-propelled machinery and automobiles, and provides preconditions for multiple increase in labor productivity, as it was tractors attachments. Those preconditions make it possible to use them more frequently year-round, but the use of general purpose tractors year-round follows a steadily declining tendency.

The changing conditons in production have also affected the demands on mobile power machinery. Consumption of power, in which mobile power equipment uses the lion's share, has grown in proportion with the growth of gross agricultural production (Figure 1). As it was in the past, its purpose in the future will be to serve by its appropriate structure, installed capacity and technological design the following:

- Performance of necessary operations within agrotechnical schedules for the structure of crops planned for good nutrition of our population, with higher yields and reduced losses;

- Achievement of higher labor productivity in agricultural production, in transportation of products and other materials, and in their processing;

- Application of stricter criteria of hygiene and safety as concerns services;

- Reduction of negative effects of travel mechanisms of such vehicles on the soil and on cultivated crops, and the effect of such vehicles on environmental ecology;

- More reliable operations;

- Reduction, or at least, maintenance of the costs per unit of production.

Future Development of Self-Propelled Machinery and Means of Transportation

As they used to be, tractors are still basic power equipment, nevertheless, to meet the above-mentioned objectives and to gradually concentrate and specialize agriculture production, as well as to specialize operations, it is imperative to redesign certain power vehicles. Studies and prognoses of the development of agricultural development thus far have indicated that self-propelled equipment and special transportation vehicles must develop rapidly along with the current development of tractors. For instance, haulage by trucks gradually expanded and will have a considerable edge in agricultural transportation (Figure 2), where we anticipate that installed capacities of power vehicles will be substantially increased, primarily by deliveries of highly efficient technology. As it appears from Figure 3, we envisage stagnation in installed capacities in tractors and simultaneous increase of self-propelled machinery and automobiles.

In accordance with the demand for higher labor productivity, it is not appropriate to increase installed capacity, particularly in tractors, by increasing their number but rather by raising their average efficiency. The required volume of operations in vegetable production may be met in the future even by a small number of physical units (Figure 4) whose average capacity and efficiency will be further increased.

A broader scale of applications of specialized self-propelled machinery, and transport and handling equipment will be reflected in new technological designs of tractors. The importance of general purpose tractors and of specific, less specialized models of machines will gradually decline, because they will be adapted much more to the conditions and purposes for which they will be used. Some foreign models demonstrate the departure from the classical interpretation of general purpose tractors.

In addition to improved working conditions for the driver, tractors will be adapted for several types of serial operations, in other words, they will be furnished with quick-change front and rear attachments, with considerable attention paid also to the development of the mobile mechanism in tractors as well as other power vehicles.

Because mobile mechanisms of wheel tractors must transmit even higher traction power, the introduction of multiaxle gears is warranted. One driving axle may transmit power of about 110 kW. Tractors with engine power over 150 kW must be designed more suitably with cranked frame and both axles must be uniformly applied for transmission of high tractive forces. As regards driving at higher speed or stability on slopes, the question of driving with cranked frame or all-wheel control has not been resolved to complete satisfaction. Extra high power traction will also use more axles (for example, three-axle tractor with tractive power further improved in combination with half-track).

A specific problem involves the adaptation of heavy-duty tractors with four-wheel drive (for their better utilization in heavy intra-enterprise transport, as, for instance, in the USSR on the basis of T-150 tractor, by universal technical transport machinery developed in the UTTM), facilitating the introduction of container transport in agriculture. Thus far, the special agricultural automobile has proved to be more advantageous here, and therefore, we anticipate its further development (Figure 2).

The conceptual design of Czechoslovak-made tractors and of imported tractors in the 30 years of the development of Czechoslovak agriculture was, and still is, in agreement with the development of conditions in agricultural production.

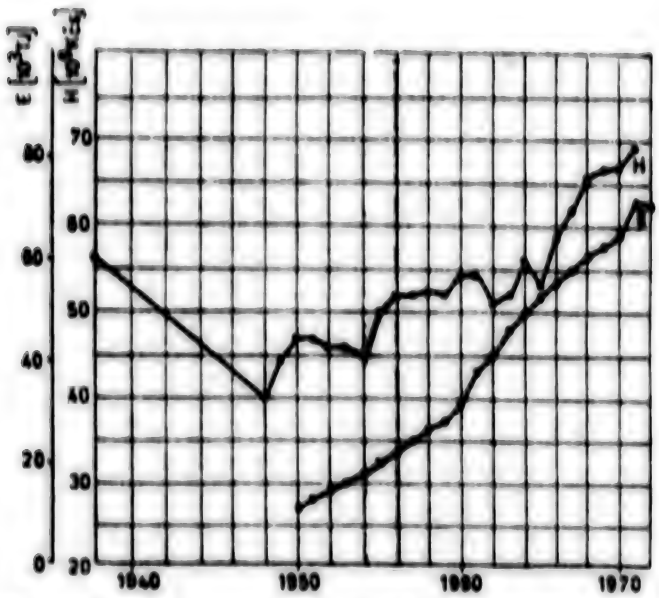
Deliveries of Tractors

Disproportions are evident in deliveries of tractors to our agriculture. In 1970-1977, a lag of 1290 units developed in Slovakia alone and this deficit was increased by additional 600 tractors in 1978-1979. Consequently, our agriculture has been forced to use tractors long past their service life, which leads to a high consumption of fuel and spare parts, and affects the efficiency of the tractors. Within the CEMA, we have the highest average age for tractors after the GDR. In 1964 it was 4.3 years, and in 1974 as much as 7 years, which is also negatively reflected in costs.

The structure of our tractor fleet does not fully agree with the needs of our agriculture. Although our Zetor tractors enjoy good reputation in the world, disproportions caused by the nonfulfillment of the deliveries of models Zetor 8011, 12011, and 16045 (the most efficient models) are evident in installed capacity of the delivered tractors (Table 1).

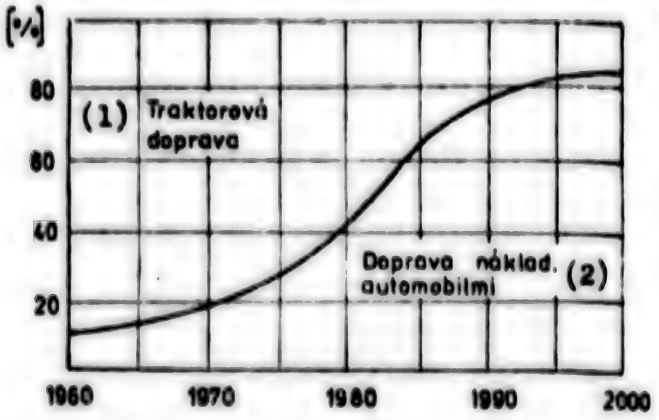
Despite the deficiencies and problems stemming from the nonfulfillment of tractor deliveries, and because of the dedication of our agriculturists (as well as due to a certain oversupply of tractors in previous years), this has not affected directly the implementation of our agricultural tasks toward self-sufficiency in food production.

Regulations by our highest organs guarantee that the demands of our agriculture will be met in their structure as well as in installed capacity of tractors, and that tractors and the people working with them will play an important role in the next stage of our socialist agriculture, as our society expects from them.



Obr. 1. Závislosť rastu hrubej produkcie H a zvyšovanie spotreby energie v rokoch 1937—1972.

Figure 1. Correlation of the growth of gross production H and increase of power consumption in 1937-1972.



Obr. 2. Členenie poľnohospodárskej dopravy na traktorovú a nákladnými automobilmi v rokoch 1960—2000.

Figure 2. Differentiation of agricultural transport in terms of transport by tractors and by trucks in 1960-2000.

Key:

1 - Tractor transport

2 - Truck transport

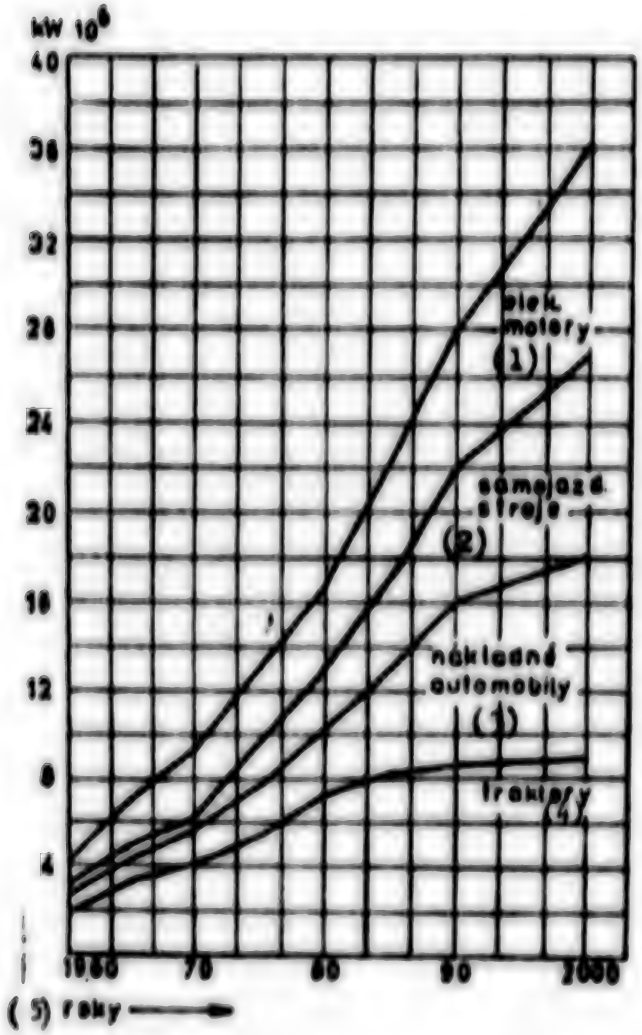
Tab. 1. Kmeňový stav traktorov.

Názov stroja (1)	1970	1975		(4) Dodávky v 5. PRP		Inštalovaný výkon dodávaných traktorov v 5. PRP (10^3 kW) (6)	
		predpokladaný stav (2)	skutočný stav (3)	plánované (5)	skutočné (3)	plánované (5)	skutočné (3)
T 4K10 (12, 14)	2 420	2 000	2 179	1 795	2 171	16,2	19,6
RS 09	9 100	8 500	7 523	784	788	10,3	10,4
Z 25 A a K	11 560	—	—	—	—	—	—
Z 3011, 3511	23 820	18 000	19 163	555	555	12,5	12,5
Z 4011, C 355	22 590	20 000	22 941	—	588	—	19,5
Z 35 Super	6 230	1 000	—	—	—	—	—
Z 5511, 5611, 6711	8 660	23 000	23 922	14 986	17 230	536,5	633,8
Z 50 Super	28 200	20 000	23 676	—	—	—	—
U 650, 651	3 580	8 500	6 367	5 945	5 244	284,1	250,6
Z 8011, C 385	1 600	20 000	13 067	19 257	13 490	1062,8	744,5
ZT 300	1 285	4 400	4 707	3 129	3 487	207,6	231,4
Z 12011, 16045	—	3 300	41	3 300	27	255,4	2,1
ST-180, K-700	100	1 700	1 829	1 592	1 783	234,0	262,4
Ostatné (7)	680	—	2 257	—	—	—	—
Kolesové traktory celkom (8)	118 855	131 760	127 002	52 303	45 365	2819,4	2186,8
DT 54, 55	14 290	8 000	8 754	—	—	—	—
DT 75	1 374	4 000	4 752	2 772	3 676	153,1	203,0
T 100	1 550	1 800	2 238	494	435	33,1	29,1
Vinohradnícke (9)	800	1 100	1 200	670	748	22,1	24,7
Ostatné (7)	240	—	110	—	—	—	—
Pásové traktory (10)	18 234	14 900	15 054	3 936	4 859	208,3	256,8
Traktory celkom (11)	137 089	145 300	142 056	56 239	50 224	2827,7	2443,6

Table 1. Basic Situation of Tractors.

Key:

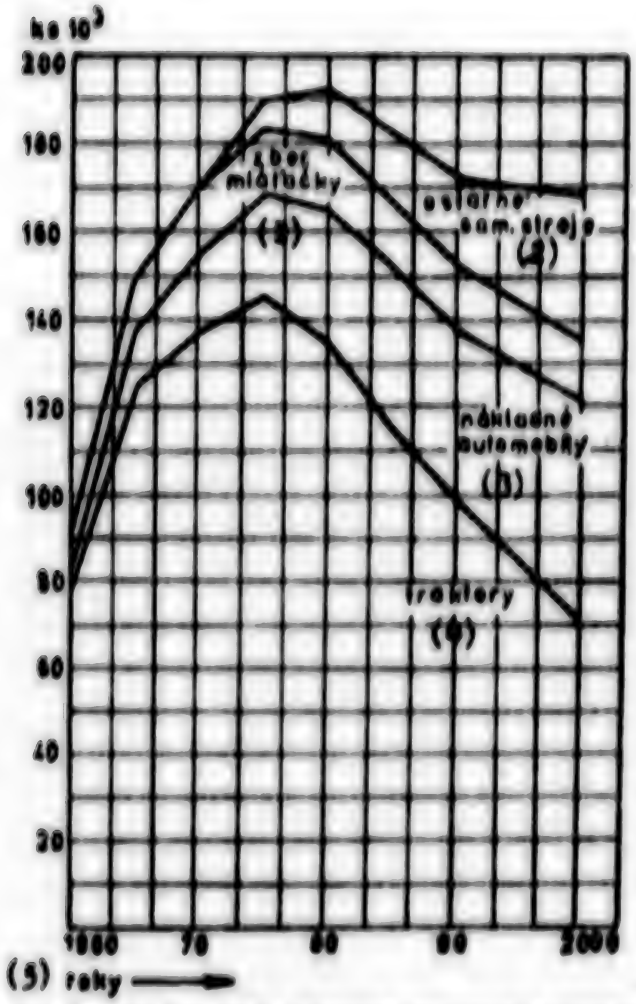
1 - Name of the machine
2 - Anticipated situation
3 - Actual situation
4 - Deliveries in the Fifth Five-Year Plan
5 - Planned
6 - Installed capacity of tractors delivered in the Fifth Five-Year Plan (10^3 kW)
7 - Other
8 - Wheel tractors - total
9 - Vineyard tractors
10 - Caterpillar tractors
11 - Total tractors



Obr. 3. Inštalované výkony mobilných energetických prostriedkov v rokoch 1960—2000.

Figure 3. Installed capacities of mobile power vehicles in 1960-2000.

Key:
1 - Electric engines
2 - Self-propelled machines
3 - Trucks
4 - Tractors
5 - Years



Obr. 4. Počty fyzických jednotiek jednotlivých mobilných energetických prostriedkov v rokoch 1960--2000.

Figure 4. Number of physical units of individual power vehicles between 1960-2000.

Key:

1 - Harvesters-threshers
2 - Other self-propelled machinery
3 - Trucks
4 - Tractors
5 - Years

9004
CSO: 2400

BRIEFS

ECONOMIC EXPERIMENT RESULTS DISCUSSED--Yesterday the Czech Statistical Council discussed the results of the comprehensive experiment concerning effectiveness and quality control in industry run by the government of the Czech Socialist Republic from the viewpoint of necessary socio-economic data and their rationalization in the Seventh 5-Year Plan. [Text] [Prague PRACE in Czech 11 Apr 80 p 3 AU]

CSSR-NORWEGIAN COOPERATION--During his 23-26 March visit in Norway, CSSR Foreign Trade Minister A. Barcak held talks with Reiulf Steen, Norwegian commerce and shipping minister. "The ministers signed a program on the development of economic, industrial and technical cooperation between the CSSR and the Kingdom of Norway." [AU281333 Prague PRACE in Czech 27 Mar 80 p 7 AU]

FOREIGN TRADE RESULTS--A session of the General Assembly of the Czechoslovak Chamber of Commerce and Industry, held in Prague on 26 March, dealt with the development of the Czechoslovak foreign trade. In a report on the activity of the chamber, which associates representatives of 731 important production enterprises and foreign trade organizations, Ludvik Cerny, chairman of the Czechoslovak Chamber of Commerce and Industry, spoke on the 1979 results of Czechoslovak foreign trade. The export plan was fulfilled 102.7 percent, the increment over 1978 was 16 percent. The planned imports were exceeded by 1.2 percent, the increment over 1978 was 12.1 percent. [AU281333 Prague PRACE in Czech 27 Mar 80 p 2 AU]

SPRING SOWING PROGRESS--A total of 33.1 percent of the planned area of cereals; 22.7 percent of legumes; 10 percent of sugar beets and 32 percent of poppy had been sown or planted in the Czech lands by 8 April. [Prague ZEMEDELSKE NOVINY in Czech 9 Apr 80 p 1 AU]

POPPY-RELATED FIGURES--To date, South Moravian farmers have sown poppy on one-third of the planned area of 1,752 hectares. This year they are expected to harvest 1,250 tons of poppy seeds for human consumption and 900 tons for the pharmaceutical industry. [Prague MLADA FRONTA in Czech 9 Apr 80 p 2 AU]

SLOVAK MILK PROCUREMENT STATISTICS--West Slovak farmers have fulfilled the milk procurement plan for the first quarter of the year: they delivered 164,343,000 liters of milk, which is 3.197 million liters more than planned. Central Slovakia has overfulfilled the quarterly plan by 2.257 million liters, by delivering 66,502,000 liters of milk since the beginning of the year. East Slovakia has overfulfilled the plan of more than 57 million liters by 2,197,320 liters; the region has thus fulfilled the milk procurement plan 103.8 percent. [Bratislava PRAVDA in Slovak 5 Apr 80 pp 1, 2 AU]

COAL EXTRACTION FIGURES--The CSSR coal industry as a whole failed to fulfill the March coal extraction plan by 26,227 tons of coal. Since the beginning of the year the shortfall amounts to 998,646 tons. In the North Bohemia broal coal basin the March shortfall amounted to 137,235 tons; the aggregate shortfall since the beginning of the year already amounts to 1,167,150 tons. The March plan concerning the removal of the overburden was fulfilled only 81.7 percent in North Bohemia; the shortfall thus amounted to 2,410,283 cubic meters. The shortfall since the beginning of the year amounts to more than 8 million cubic meters. The remaining four coal basins have fulfilled the planned extraction for the first quarter of the year: the Sokolov brown coal mines have delivered 90,382 tons of coal more than planned since the beginning of the year; the Ostrava-Karvina mines have exceeded the plan by 69,887 tons; the Kladno mines have fulfilled the quarterly plan 100.4 percent and the Prievidza coal and lignite mines 100.1 percent. [AU081546 Prague RUDE PRAVO in Czech 3 Apr 80 pp 1, 2 AU]

NEW EPU ESTABLISHED--A new economic-production unit, a subsidiary of the Tesla-electronic components, was established in Roznov Pod Radhostem on 1 April. The unit has been entrusted with the production of advanced components for the country's entire "final electronics" sector, with scientific-technical development in that sphere and with participation in the CEMA countries' international division of labor in the production of "active components." [AU1008Z8 Prague RUDE PRAVO in Czech 1 Apr 80 p 2 AU]

LOSSES FROM CORROSION--On 25 March a 2-day all-state conference dealing with corrosion in the power industry opened in Kosice, in the presence of M. Rusnak, CSSR deputy minister of power and fuels. The purpose of the conference, which is attended by specialists from the CSSR, Hungary and Poland, is to exchange experiences in the struggle against corrosion in thermal and nuclear power stations. In the opening report Prof Eng J. Kocich of the Department of Metallurgy of the College of Technology in Kosice stated that corrosion causes annual losses of some KCS15 billion in the CSSR, which represents 4.46 percent of the national income. [AU2720Z7 Bratislava SMENA in Slovak 26 Mar 80 p 1 AU]

SAVINGS IN CZECH LANDS--By the end of February 1980 the bank deposits of the population of the Czech Socialist Republic amounted to KCS104 billion, which was KCS21 billion more than at the beginning of 1976. The average per capita deposit has thus exceeded KCS10,000, a total of 48 percent of the deposits are on long-term savings accounts. [Prague PRACE in Czech 1 Apr 80 p 6 AU]

SLOVAK TIMBER PRODUCTION--Forests cover 1,906,366 hectares of Slovakia, which is 38.9 percent of the territory of the Slovak Socialist Republic. They are being tended by more than 42,300 employees, more than 13,000 of which are seasonal workers. In 1979 more than 5 million cubic meters of timber were cut in the Slovak forests; timber worth more than KCS38.5 million was exported to socialist countries and timber worth more than [KCS]385.75 million to nonsocialist countries. The plan for 1980 envisages a 1.6 percent increase of timber production but exports to socialist countries will decline by 30.6 percent and exports to nonsocialist countries by 16.5 percent. In 1979 Slovak forestry workers afforested an area of 17,822 hectares, this year they should afforest 18,203 hectares. [Bratislava SMENA in Slovak 1 Apr 80 pp 1, 7 AU]

CSO: 2400

ROUND TABLE TALKS HELD ON STANDARD OF LIVING

Budapest MAGYAR HIRLAP in Hungarian 4 Apr 80 p 7

[Roundtable discussion with Albert Kiss, deputy chief of KHS, Gyula Holka, Mrs. Janos Juhasz, Dr Gyorgy Vukovich KHS department heads and Istvan Matko, MAGYAR AIRLAP editorial staff: "Facts on the Standard of Living"]

[Text] The Central Statistical Office regularly records the changes in our social and economic processes, and with its many statistical reports and with its up-to-date statistical announcements gives us information on our life. At times, the data sequences review greater historical perspectives as well, and thus the 35th anniversary of the liberation of our country gave occasion to a summary of the period extending from 1945 to 1980. What was the goal of this analysis? What are those major junction points which may characterize the changes in a given and more limited area, for example, in the area of the living standard and lifestyle? We conducted a roundtable discussion on this in the Central Statistical Office with Dr Albert Kiss, the deputy chief of the Central Statistical Office, Gyula Holka, Mrs Janos Juhasz, and Dr Gyorgy Vukovich, all department heads. Our editorial office was represented at the talks by Istvan Matko.

[Question] What was the reason for this study?

[Albert Kiss] In observing economic-social processes, the statisians are in fact always working on tomorrow. They are summarizing lessons, and establishing facts suitable for making deductions. We believe it is necessary with factual certainty we be able comprehensively to evaluate the role of the economic base in the development of society and in the shaping of our lifestyle and living standard. To evaluate the changes it is important to review the transformation of the social structure. In the language of numbers, the ratio today of those who belong to the working class is close to 60 percent. The overwhelming majority of individual workers and of the small farmers is concentrated in cooperatives, and a new intelligentsia has developed. With the transformation of the class structure of the people, more than one-half of the country's population has changed its socio-economic and occupational situation.

While in 1949 the working class made up 38.8 percent of the total number of earners, the cooperative peasantry 0.3 percent, the intellectual workers 8.3 percent, the small farmers and merchants 50.7 percent, capitalists and landowners 1.9 percent, today the ratios are the following: workers 58.8 percent; cooperative farmers 13.1 percent; intellectual workers 24.8 percent; and small farmers and retailers 3.3 percent.

In 1979, per capita real income for the population was 3.3 times more than in 1950. The most important historical phenomenon accompanying the changes in living relations and living standard was that with the rise in incomes, the incomes of the larger social groups were significantly leveled. A greater role is palyed in present income differences by family size and number of dependents than by social class or stratum to which one belongs.

About 70 percent of incomes is made up of earnings from work--in 1979 the monthly average per capita earnings came to 3,930 forints, 5.6 times more than in 1950--whereas consumer prices from 1950 to 1979 increased 2.5 times.

[Mrs Janos Juhasz] The changes are evaluated in light of the fact that full employment has been established in our country, we have extended the pension system, social and health provisions are the right of the citizen--and this too has promoted the levelling toward socialism.

[Question] How does this levelling differ from the unfavorable narrowing of differences in work incomes?

[Mrs Janos Juhasz] We can regard the reduction of income differences among the classes as favorable. The relatively small incomes increased more than the average. The data for 1972-1977 show--in real values--that while the ratio of those living on a per capita family income of less than 1,400 forints made up 30 percent of the population in 1972, their ratio declined to 12 percent in 1977. The following comparison is also interesting: in 1962 the income of the highest 10 percent of the population exceeded six-fold the income of the lowest 10 percent, but today the difference is only 3.8 to 4. The levelling has also been accompanied--and here I agree with the emphasis of the question that was posed--that the differentiation within classes, strata, and trades is not sufficient, the differences in earnings do not adequately express skill, preparation and training.

[Question] And the accomplishments?!

[Mrs Janos Juhasz] We do not have fully valid, accurate data on this, but it is a fact--as is also evident from the debates of the 12th Congress that the incomes are not adequately oriented to accomplishments.

[Question] This is what makes it more urgent to differentiate according to accomplishment. But how will this affect the process of levelling?

[Gyula Holka] It is necessary to widen income differences primarily within classes, groups and trades by orientation to the work performed. But this does not of necessity lead to a change in income ratios of the classes and strata.

[Question] A moment ago we were talking about how the ratio of the lower range of earners has declined in the population. How can this be? Isn't it so, for example, that pension increases are lagging behind the rise in prices?

[Gyula Holka] The compensation realized for last year's price increases was more significant in its ratios for those with lower than with higher incomes. Moreover, the pensions are higher for recent pensioners, and this too is reflected in the statistics. In addition--and our data indicate this--the income of our pensioners is lagging behind the average only by a little: in 1972 the per capita family income of pensioners was 28 percent less than the average family incomes, in 1977 the extent of the lag was 20 percent.

The Structure of Consumption

[Question] Let us turn to a problem area closely related to incomes: the structure of consumption, and its changes. What were the most important characteristics of this in the past three and a half decades?

[Gyula Holka] Among the many indexes of change in lifestyle, consumption by the population is indeed basic. Let me give only several characteristic facts on this: Per capita consumption was 3.1 times as great in 1979 as in 1950. The quantitative growth was accompanied by a comprehensive substantive-structural modification: the ratio of food consumption declined, the consumption of durable goods increased; the consumption of one's own production declined significantly, and at the same time there was an increase in the use of products acquired in trade. The demand for services accelerated and rose more rapidly than product consumption. At present services make up 24 percent of total consumption. Before the liberation great masses of the population suffered from poor and deficient nourishment. Since then the ratio of sugar, meat, dairy product, egg and luxury item consumption has increased. But the consumption of industrial items, the products most in demand, increased to the greatest extent. This is also indicated by the fact that in 1938 the population used 134 million kilowatts of electric energy, in 1960 548 million, and in 1978 4,574 million. Well known is the rate at which the use of washing machines, refrigerators, passenger cars, radios and television sets has been widened.

[Gyorgy Vukovich] The levelling in housing among the basic classes is also vigorous and of societal dimensions. The great differences that existed between the worker and peasant classes and the intelligentsia are dying out. This is characterized by the fact that in 1949 we had 2,467,000 houses with 265 persons per 100 rooms. Today we have 3,537,000 houses and 153 persons per 100 rooms. In 1949 two-thirds of the houses consisted of one room. At the beginning of 1980, more than 70 percent of the houses consisted of two or more rooms. Almost every house has electric lighting, and more than one-half have indoor plumbing. If we wanted to sum up these very important factors, we might add that the differences between village and city has perceptibily declined as well as the differences between Budapest and the provincial cities.

What Does Six Percent Mean

[Question] Although, as it is well known, we are far from having eliminated our housing problems. It appears that the demands keep rising and renewing themselves. But let us change our direction and subject again. How can we characterize the most general changes in lifestyle, and on what further development can we count?

[Albert Kiss] It would be premature to go into detail on how we shall develop by the end of the Sixth Five-Year Plan. It is certain though that the more modest rate of economic growth dictates a more modest increase in the living standard. It was stated at the 12th Congress this means that with the increase in real income of about 6 percent over 5 years and the rise in consumption of about 8 percent our task is to consolidate our results and protect our living standard. Within this, however, what kind of course will be prescribed by the change in lifestyle? We cannot be far from the truth if we now "further extend" seven all trends, as developed, on the graph of social development. Without doubt, emphasis is being placed more on the qualitative changes rather than the quantitative. We are bringing our supply-service structure closer to the requirements of the age. We can also count on the fact that the profitable use of leisure time will grow in importance--including domestic tourism.

[Mrs Janos Juhasz] In my opinion, in taking account of our possibilities, we must proceed from the position that we are in debt to ourselves. In respect to consumption and living standard, Hungary today is nearing the area of the more economically developed countries while at the same time in respect to economic efficiency we belong to the average among the CEMA countries. This is the kind of contradiction which shows why we must make a great effort to consolidate the present high living standard.

[Albert Kiss] We have mentioned differentiation in incomes. Let us add the following: that that certain 6 percent and 8 percent are national averages. As for the future, it is important to point out that important differences can be fitted into these averages in response to a more

rational income differentiation. The signs are already evident, in response to the improvement of the regulatory system and incentive, that the incomes of certain collectives and persons may develop differently. There will be those who are earning well because they are at a good enterprise, and working successfully. And there will be those whose income is growing to a lesser extent than average. In the changes of our lifestyle and living standard, we cannot leave thisout of consideration.

Of course a more modest rate of growth in a certain sense is a strong incentive to the improvement of economic results--in fact, this is the key to our welfare and further improvement in our living standard. According to the evidence of statistical data, the reserves necessary to do this are available both in the economy and in society.

6691
CSO: 2500

LEVEL, DISTRIBUTION OF FAMILY INCOMES EXAMINED

Budapest FIGYELO in Hungarian No 15, 9 Apr 80 p 3

[Article by Mihaly Zafir: "Level and Spread of Family Incomes"]

[Text] A publication giving detailed results of a survey conducted by the Central Statistics Office (KSH) at the beginning of 1978 recently appeared with this title. The survey, a similar one is generally done by the KSH every 5 years, covered 17,000 households using a representative method. This comparison draws on the rich material in it and also uses a few of the first results of the 1 January 1980 census; it provides an overview of the trends in the development of family structure, of the social class, stratum and regional characteristics of income distribution and of income spread.

Family Structure

Looked at from the side of family structure our society is characterized by a swift increase in the number of households and by their internal transformation. In 10 years (between 1968 and 1978) the number of households increased from 3.2 million to 3.6 million, or by 12-13 percent, while the population of the country increased by only 4 percent. Thus what is involved is a process largely independent of the development of the size of the population.

The increase in the number of households derived in good measure from the fact that it became possible on a large scale to separate or make independent the homes or households of the retired and the young generation--as a result of the pension system and of housing construction. As a result the households of pensioners dominate numerically in the increase in the number of households; their number increased in the 10 years from 500,000 to 900,000; by the beginning of 1978 households in the pensioner "status" (that is, without an active earner) accounted for 29 percent of the households in Budapest and accounted for 25 percent nationally.

In regard to changes in family life form let us note now only that the number of dependents among the female population 15-54 years of age was estimated at 46 percent in 1960 (it had been 60 percent in 1930!), at 21-22 percent in

1970 and at only about 11 percent at present. (This does not include those who are dependent because they are students.) Between 1960 and 1970 the number of earning women (active earners and those on GYES [childcare benefits]) increased by 510,000 and in the next 10 years (between 1970 and 1980) increased by 340,000. Thus in this regard even the last decade brought progress and since working by young women is a general phenomenon and since a significant part of the 11 percent "not working" now will soon reach retirement age the employment of women of working age will become practically complete in the years immediately ahead.

These processes are of incalculable significance but in addition to the positive side one must also see clearly that they are causing many problems. On the one hand this is because family care for old people needing care is unsolved in many cases in the separated families--with the ever increasing employment of women--and grandparent tasks are difficult to take care of too. These tasks must increasingly be solved in socially organized forms with socially organized methods--with the development of children's institutions, with institutional home care, with the construction of retirement homes, by freeing hospital beds with other forms of nursing, etc.

On the other hand it must also be clearly seen that these processes are accompanied by housing demand, and by a large housing demand.

According to my calculations more than 600,000 of the 2.7 million active households in the country now have active and retired persons living together. Certainly no small part of them have a justified need for housing, just as do those families in which young people and older people not yet retired live together.

The frequent divorces also increase the housing demand. The recent census recorded somewhat more than 420,000 divorced women and men as opposed to about 250,000 in 1970 and slightly more than 150,000 in 1960.

Among other things the housing authorities should seek solutions which would make it attractive for older people to exchange large dwellings, which have become a burden, for smaller ones.

In harmony with our social goals one can observe a trend toward equalization and stabilization among the incomes of the basic social classes and strata, of the various megyes of the country and of the capital, city and town populations.

Income Level

The following can be established concerning income levels, based on working class households:

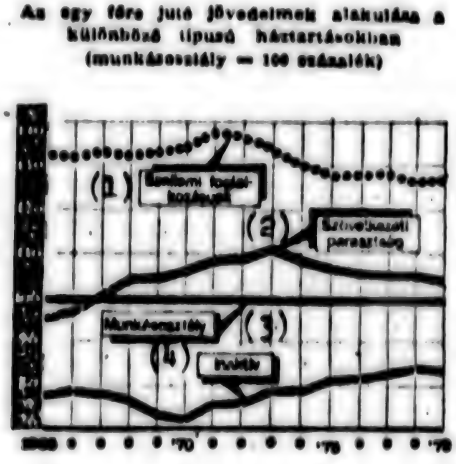
The ratio of the incomes of the worker class and the cooperative peasantry is stable. Since the end of the 1960's (between 1968 and 1978) the real

income of both the worker class and the peasantry increased by about 55 percent. The income advantage of the peasantry, in total income per capita, is the same now as it was at the end of the 1960's, 4-5 percent. (In the wake of the resolution of the 9th congress of the MSZMP this marked the completion of the liquidation of the large scale backwardness in peasant incomes.)

A noteworthy work performance lies behind this modest income advantage; work time is substantially longer even today in the common farms than in non-agricultural jobs and the work time turned to the small farms is generally several times that of the similar activity of the workers. There are also unique aspects of income use. On the whole the income advantage of the peasantry is exceeded by the savings, which exceed the average for the populace; this is justified by the need for working capital on the small farms and it is encouraged by certain traditions. A larger sum is turned to financial support and support in kind for relatives (largely children who have moved to town and become workers or white collar employees). And a larger sum is turned to housing construction. (In the villages, where the great majority of the peasants and about half of the workers live, one can get housing practically only by building it himself.)

The income advantage of the households in the non-physical (intellectual) category, as compared to the households of physical workers, shows a decreasing trend. In terms of total income per capita this advantage is now 27-28 percent, and this is less than it was at the beginning of the 1970's. This expresses the gradual disappearance of the boundary between physical and intellectual work and the fact that the households are becoming mixed. (It is characteristic of the latter that each year an ever smaller ratio of households have only physical workers of only non-physical employees living together.)

The Development of Incomes Per Capita in Households of Various Types
(Worker class equals 100 percent)



Key:

1. Intellectual employees
2. Cooperative peasantry
3. Worker class
4. Inactive

Together with the favorable equalization trends the development of the income of those directly guiding production continues to be a problem within the worker class. Even according to a 1973 survey the personal income per capita within their households was relatively low; the 1978 survey showed an advantage of only 14 percent as compared to worker households. This is not in proportion to their responsibility, the position they occupy in production or the nervous burdens accompanying their work.

The income level of pensioner households improved in recent years in comparison to active households. According to the survey their income per capita is 83 percent that of the worker class and 77 percent of the average for active households. The improving trend is valid for this stratum as a whole and not for the several pensioner households separately and is a result of the fact that in addition to the people with old, low pensions more and more are retiring with long service time and larger pensions. As for individual households, the development of their income situation varies greatly. Each year the monthly pension is increased by 70 forints for those with low pensions, generally compensating for the increase in prices. Thus their relative position does not deteriorate, that of those with the lowest pensions may be improving, but it is a problem for them that their pensions were low to begin with. On the other side, in the case of those with pensions near to or larger than the average, the increase of two percent or at least 70 forints is smaller than the rate of price increases and this does not ensure the preservation of the real value of their pensions.

Cities and Towns

The swift equalization among megyes can be accounted an indisputable achievement. In those megyes where the income of the populace (personal income per capita) is highest the income is only 5-7 percent higher than the average for the megyes and it is only 6-9 percent lower than the average where it is lowest. The 1962 survey showed incomes 12-16 percent lower than the average in the megyes which came first in the rank order. It must be added that a good part of the present differences, which can be called relatively minor, result not from the deviating nature of work incomes but rather from differences in family size, from how many family members must be maintained from the income. For example, in Borsod and Szabolcs the income per household is average but income per capita is lower than the average by 9 and 5 percent respectively. The families in these two megyes are the largest.

What is true of the megyes is true of the different types of settlements also. Comparing the income situation of the inhabitants of Budapest, other cities and the towns, it can be established that there is no essential difference among the average incomes of their households. It is also true that the average earnings of employees decrease in this order (which, of course, is not caused by discrimination but rather by the difference in the composition of the earners--different ratios of intellectuals, skilled workers and those with high levels of training). But the smaller earnings are supplemented by the products of small farming, which accounts for 15-16 percent of the income of the worker households in the towns.

The Income Situation in 1977 of Worker Class Households in Budapest, Other Cities and Towns

A munkáscsaládokhoz tartozó budapesti, egyéb városi és községi háztartások jövedelmi helyzete 1977-ben

	(1) Budapest	(2) Egyéb város	(3) Község	(4) Összesen
(5) 100 háztartásra jutó aktív keresők, fő	190	188	179	179
(6) Foglalkoztatottak havi átlagkeresete, Ft	3836	3388	3000	3330
(7) Egy háztartásra jutó havi személyes jövedelem, Ft				
kisgazdaság nélkül	7685	6900	6670	6750
kisgazdaságból	65	430	1180	840
összesen	7880	7330	7850	7610
(8) 100 háztartásra jutó személyek száma összesen	300	350	337	336
ebből: 15 éven aluliak	83	88	90	84
(9) Egy főre jutó havi átlagos személyes jövedelem, Ft	2510	2300	2140	2250

Key:

1. Budapest
2. Other cities
3. Towns
4. Total
5. Active earners per 100 households
6. Average monthly earnings of those employed, in forints
7. Monthly personal income per household, in forints
   - Without small farming
   - From small farming
   - Total
8. Number of persons per 100 households, total
   - Of these, under 15 years of age
9. Monthly average personal income per capita, in forints

While the average income of households is essentially the same for various types of settlement the income per capita differs. In regard to income per capita we can speak of an increasing disadvantage in the order--Budapest, other city and town. The reason for this is that the households are larger in this order and must care for more children. As a result the personal income per capita is 12 percent higher than the national average in Budapest, equal to the national average in other cities and 4 percent lower in the towns.

The Extreme Values

The extreme values are most worthy of attention in the spread of income; from this point of view the statistics customarily compare the incomes of

the one tenth with the highest income and the one tenth with the lowest income. Starting with the survey made at the beginning of 1978, the average personal income of the 10 percent of the populaton with the lowest income can be put at about 1,500 forints in 1980 while that of the 10 percent with the highest income can be put at 5,500-6,000 forints; thus the income of the upper tenth is 3.8-4.1 times that of the lower tenth. (At the time of the survey this index was 4.1 but it can be estimated lower since then--primarily in connection with the income supplements due to the July 1979 price increases.)

The distance of the extreme values is greatest in the pensioner stratum (it averaged 4.4 times at the time of the survey) and of these it is greatest among those without small farms (4.9 times). This is an expression of the fact that in our society the pensioner stratum is the least homogeneous; there is a very great difference between the material situations of those recently retired with adequate pensions who can still supplement their pensions with work income and, on the other side, older people with low pensions, no longer capable of work and often living entirely alone.

The differences between the extreme tenths of the worker class and of the non-physical (intellectual) stratum are characterized by a uniform 3.6 ratio. From this viewpoint the stratum of those directly guiding production merit special attention within the worker class. In their case their incomes are characterized not only by a relatively low level but also by a relative lack of differentiation.

In the case of the cooperative peasantry the personal income per capita of the upper tenth is 4.4 times that of the lower so the spread is considerably greater than it is for the average of the population. This is connected with small farming, which produces much income for some of the peasant households, with much work.

Income spread was more moderate at the time of this survey than it was 5 years earlier. The income level of the lower tenth increased much more than that of the upper tenth (that of the lower tenth increased by 66 percent in 5 years, that of the upper tenth by 39 percent, for an average of 47 percent, while consumer prices increased by 19 percent). In addition to deliberate social policy measures (such as increasing the low pensions, income supplements connected with price increases and a one-time increase in the family supplement for those with two children) a role was played in this by a decrease in the number of families with many children (also those with the lowest income) and by the fact that beginning in the middle 1970's an undesired egalitarianism developed in wages which was more widespread than usual.

The differentiation in the incomes of active families does not derive so much from differences in the work done but rather, primarily, from how many children are being raised in the households. The material situation

of families with children is relatively disadvantageous; income per capita of families with two children was less than two thirds that of childless families in the 1960's to the end of the 1970's while that of families with three children was hardly more than half that of childless families.

The experiences of the surveys show unambiguously that the situations of young people starting families, those with many children and those old people with low pensions require the greatest attention.

8984
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PROLIFERATION OF NON-PRODUCING INSTITUTIONS TO BE CURTAILED

Budapest HETFOI HIREK in Hungarian 21 Apr 80 p 5 WA

[Text] Under the terms of a recently enacted government resolution the number of institutions involved in non-producing work such as computer technology, continuing education and organization is to be reduced by an average of 20 percent by the end of 1981.

According to information released by the authorities, the number of such "background" institutions has mushroomed. These findings are based on an investigation conducted by the Ministry of Finance and the Central Control Committee. When a hiring freeze was imposed on the ministries, they farmed out the authority to perform numerous administrative, official and other chores to various institutions under their jurisdiction. Where no suitable organizations existed, they were established. Actually, rapid development made centers for continuing education, computer technology and organization necessary. The problem arose from the fact some of these centers were doing work not strictly in line with their charters and were turning into "branch ministries."

The investigation found that 39 new institutes had been established in the course of 10 years; those already in existence were expanded and transformed. Furthermore, the manpower performing administrative work for the ministries has increased tremendously through the number of persons transferred or working at the "background" institutions. And this does not even take into account that these institutions employ one anothers professionals in a second job capacity. This has placed a tremendous burden on the economy. Often the ministries have used funds earmarked for other purposes, even their development funds, to pay the "background" institutions. Therefore the government resolution spelled out guidelines for reducing manpower.

The authorities said that first of all order must be established amid the maze of proliferated institutions. Their sphere of activity, tasks and the manpower needed to do the job must be determined anew. Outside work for higher authorities, work which is often duplication of effort, must be reduced.

For example, there are too many centers for training and advanced training. One per portfolio will suffice. Computer technology activity can be concentrated in a similar manner. Nowadays many places deal with work organization separately from one another. This work could be done at a higher level by combining the organizations. This would call for less space, equipment, machinery and fewer specialists.

Since the reduction of manpower is to take place gradually, over the course of two years and in a differentiated manner, there will be no massive discharges. Here, as in industry, manpower reduction will be carried out by transfers to other important areas, freezes in hiring, discontinuation of certain kinds of work and by natural attrition. Workers from shut-down offices will replace retirees. Where none of the above is feasible, after work that must be done in the future has been taken into account, workers whose work will no longer be needed on a long-term basis will be advised in advance.

CSO: 2500

AGRICULTURE MINISTER DISCUSSES IMPROVEMENTS FOR 1980

Bucharest SCINTEIA in Romanian 16 Jan 80 pp 1, 3

/Interview with Angelo Miculescu, minister of agriculture and the food industry and vice premier of the government, by Iosif Pop/

/Text/ /Q/ What did 1979 mean for Romanian agriculture?

/A/ As for the other branches of the national economy, 1979 produced a number of good results for agriculture, too, both in vegetable as well as animal production. Although the climate conditions were not totally favorable, agriculture in 1979 succeeded in obtaining a production which exceeded the annual average of the previous five-year plan by the following: 28.3 percent for grain, 21.8 percent for sugarbeet, 27.4 percent for oil-producing seeds, 31.7 percent for vegetables and potatoes and 30.1 percent for fruit and grapes. Also, due to the increase in number of animals and their productivity, particularly on the basis of continued development of the industrial-type zootechnical sector, the following increases were recorded in 1979: 44.4 percent for total meat, 31.1 percent for cow's milk, 45.3 percent for eggs and 24.5 percent for wool. This production permitted satisfying the needs for supplying the population and other requirements of the national economy under better conditions.

As we know, new measures were taken in 1979 to improve the leadership and organization in agriculture; primarily I am referring to the creation of the united state and cooperative agroindustrial councils, measures which embody the deeply scientific revolutionary thought of our party's secretary general Comrade Nicolae Ceausescu. The organizational and economic framework created through establishment of the united agroindustrial councils opens the way for having agriculture, too, move from quantitative accumulations to a new, higher quality in obtaining considerable growth in production and efficiency.

/Q/ In recent years our newspaper's editors have received some letters regarding shortcomings in the planning of agricultural production. What action has been taken for 1980 with a view to substantiating the plan tasks territorially in full agreement with local conditions?

/A/ From the very beginning it should be stated that placing the plan tasks on a territorial basis requires a well-founded knowledge of the conditions of favorability both by macrozones as well as microzones of agricultural production within the counties, a requirement we have filled by doing the job of zoning agricultural production by zones of favorability, jobs which are at the basis of distributing agricultural tasks on a territorial basis. At the same time, it should be stressed that the plan tasks for 1980 for agriculture as a whole as well as distribution of them by social-economic sectors as well as territorially are being judiciously correlated with the material conditions created in 1979 as well as with the 1980 plan forecasts. A new and important element in the planning of agriculture this fall has been the differentiation of average production from field to field, taking into account the production potential of the particular fields for each crop separately.

/Q/ One of the basic goals of our party's policy in the next five-year plan is carrying out a profound agrarian revolution which would comprise both the material-technical base as well as organization of production. Please give us the main features defining the agrarian revolution and the tasks in this regard belonging to agricultural workers in 1980.

/A/ Carrying out a profound agrarian revolution is fully possible in the coming stage and it answers some objective requirements of development of the national economy, requirements which it has for agricultural production, bearing in mind the quantitative accumulations of recent years in agriculture, the capacity and conditions created for this basic branch to achieve a true qualitative leap both in technicity, level of organization, output and efficiency.

One of the definitive features of the agrarian revolution is the development and modernization of the material-technical base. The 155 billion lei allocated for investments in the coming five-year plan will be carried out in the quantitative and, in particular, qualitative growth in the tractor fleet , within which the share of 80-HP and 180-HP tractors will rise, and that of agricultural machinery with great width and working speed, with a higher degree of universality, capable of assuring the complete mechanization of field projects and zootechnics, too, as well as basic projects in vegetable, fruit-tree and grape growing. Improvement in the mechanical supply of agriculture will permit fall sowing jobs to be carried out in 15 days, wheat harvesting in 8 days and grain harvesting in 25-30 days.

The rise in output, as a basic requirement of the agrarian revolution, at the same time will be assured by continuing the program of measures for raising the production potential of the land and applying scientific methods for utilizing chemical substances with greater output with a view to raising their efficiency. The area set up for irrigating will be extended another 700,000-1 million hectares and drainage projects will be carried out on around 850,000 hectares and erosion-combatting jobs on 1 million hectares. In the 1981-1985 five-year plan agriculture will enjoy double the quantity of chemical fertilizer compared with the quantity used in the first four

years of this five-year plan. In zootechnics, big investments in the coming five-year plan will permit us to build a large number of new production capacities in the industrial system, with these units being the main lever for the modernization and increase in animal production. A special emphasis will be placed on the practical application and generalization of new achievements of agricultural and biological sciences,especially, the creation of highly-productive varietiesand hybrids with a high content of nutritional elements, and in extending animal breeds with a high production capacity and adapted to our climate and fodder conditions as well as the generalization of the best techniques.

/Q/ The revolution in organizing agricultural production is closely connected with improving the activity of the united agroindustrial councils. What are the more important conclusions which may be drawn from the activity of these organs until now and what problems still have to be solved?

/A/ One may state forcibly today , when nearly one year has passed since establishment of the united state and cooperative agroindustrial councils, that they have proven the opportunities for mobilizing material and human resources to fulfill the tasks belonging to agriculture, for timely execution of agricultural jobs and with appropriate quality. In this regard, improvement in the activity of the united mechanization sector is very important through the well-founded organization of the mechanization sections and formations in accordance with the standards established, assurance of their supply in accordance with the production plan tasks in order to carry out all the projects at a qualitatively high level and within the optimum periods. With regard to the more economical utilization of tractors, the improvement in activity will have to be reflected in the rise in annual indicator of use, starting in 1980, of 2,000-2,200 hours for a tractor compared with the 1,700-1,800 achieved until now.

/Q/ What are the advantages of the system for organizing work by specialized formations and what must be done now to establish them?

/A/ The organization of activity of the technical resources by specialized formations is a basic link in the industrial system of applying modern techniques, being part of the general concept of concentration and specialization of agricultural production. By establishing the specialized work formations, we have in mind grouping the tractors and agricultural machinery for doing jobs in the best periods and at a high quality, using the equipment at its maximum capacity. This grouping of equipment will also permit more efficient technological and mechanical assistance, operation of the aggregates under better conditions and respect for the work schedules to be assured. In the new concept of organizing work, the mechanical engineers primarily are responsible for the good operation of the equipment in the fields, while the head engineers or the heads of farms--for the organization and quality of the jobs. Currently action is taking place throughout the country to establish specialized working formations for each section of mechanization and for each farm and the areas to be worked by each and the production tasks which must be carried out by the machine operators and

specialists who head the particular formations are being established. The organization of the "united chemification sector" also was conceived of along the same principles; entering into its duties are compilation and execution of the single chemification program (fertilization, manure for the ground, herbicides, pest and disease control) for all the component agricultural units of the united agroindustrial council. This new organizational form will permit more reasonable use of fertilizers depending on the real needs for fertilization of each field and crop as well as of pesticides so that chemification in each unit becomes a powerful lever in increasing the harvests and increasing the economic efficiency of activity.

/Q/ Last year a broad action was launched throughout the country to organize the territory by big fields which are to be cultivated within some specialized rotation system established at the level of the agroindustrial councils. What practical effects will this action have on 1980's agricultural production?

/A/ The unified organization of the territory by united agroindustrial councils is part of a vast complex of measures initiated by the party and state leadership for improvement in all agricultural activity. A first effect of this action is the creation of conditions for rational utilization of the land fund. Organization of the territory by big fields permits use of tractors and agricultural machinery with greater output together with reduction in fuel and lubricant consumption and the introduction and generalization of modern technologies. A more judicious placement of crops and unified application of a complex of agrotechnical measures are to be achieved in the new crop rotation systems; the effect of this primarily will be felt by the units which until now have not succeeded in obtaining production to the extent of the real opportunities existing in our agriculture.

/Q/ The transition to the new form of organizing the territory was preceded by many preparations. But some units still have not moved firmly to apply the measures established last fall. What are the reasons and what is being undertaken to resolve this situation?

/A/ Carrying out the measures planned for the unified organization of the territory requires around a 1-2-year transition period. Last fall such a transition program was established for each agroindustrial council, providing for organizational-technical measures to harvest the precursory crops and set up the crops within the new territorial organization. Despite the measures established, last fall's achievements have not been what we hoped for everywhere with regard to setting up the wheat and barley and the techniques applied. Along with some objective causes--excessive crumbling which the crops have had until now in most units, the existence of some fruit tree and vine growing plantations on some fields which interrupt the jobs as well as areas which should be avoided due to the remaining effect of herbicides--some defects also have existed in the activity of some county agricultural organs and production units which, for example, did not harvest the crops from the fields to be sown with fall cereals on a priority basis. This

situation requires that the leaders of the united agroindustrial councils and of the units, with the county organs' aid, move in the shortest possible time to apply the rotating crop program for 1980, particularly in setting up the spring crops so that in the fall we can move to apply the crop rotation programs in all the united agroindustrial councils.

[Q] The perpetuation and rational utilization of the labor force during the entire course of the year represents one of the major problems of our agriculture. What does the ministry propose in this direction?

[A] The rise in the degree of mechanization and chemification of agricultural projects, which has been emphasized and which will rise at a more sustained rate in coming years, assures the growth of labor productivity, having as a result the continuation of the process freeing a portion of the population employed in agriculture. It should be pointed out that the phenomenon has particular importance for us and the seasonal nature of agricultural work continues to require more labor force in the summer periods, which means that it is used during the year in a nonuniform way. As a result, having an active population in the villages on a permanent basis and the more complete and uniform employment for them are a sustained concern of the activity of organizing and leading agriculture. The basis for the measures and actions being undertaken follows two main paths: giving an agroindustrial nature to all production activity in the village environment as well as developing cooperation in production with the other industrial enterprises in the economy. The activity for industrialization and semi-industrialization of agricultural products in production capacities which are set up and sized appropriately, in full agreement with the raw materials obtained in each council and with the zonal consumer needs in this regard are one of the basic orientations in utilizing the agricultural units' investment capital. Along with this, extending services provided and the cooperation between the state and cooperative agricultural units with the industrial units can contribute effectively to the more rational use of the labor force in agriculture and to making it permanent in the villages. One of the ways to which we will give greater attention in the future is the organization of production activity, both agricultural and industrial, by providing work at home.

The important tasks belonging to agriculture in the new stage of Romania's social-economic development is powerfully mobilizing all workers from the villages, workers who, led and permanently guided by the commune party organizations and the county committees, are determined to take action with all their power and wisdom to have exemplary fulfillment of their tasks in the single national plan for social-economic development for 1980 and for implementation of the goals established for agriculture by the 12th party congress.

8071
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BORDER-ZONE COMMODITY TRADE SURVEYED

Belgrade NOVA TRGOVINA in Serbo-Croatian No 3, Mar 80 pp 176-179

[Article by Dr Mihailo Acimovic]

[Text] Within the framework of the overall relations which our country is developing with neighboring countries, there is no question that agreements on border-zone commodity trade are an expression of neighboring countries being turned toward one another and of having an interest in expanding economic cooperation, above all the balanced economic development of the border areas. These agreements endeavor to overcome the unnatural divisions which national boundaries often represent in border zones from various standpoints--economics, transportation, property and so on.

Up to now our country has devoted much attention to concluding agreements on border-zone commodity trade and other forms of economic cooperation with all neighboring countries, seeking arrangements for development of various forms of economic cooperation as well as cooperation that is not confined to economic matters.

The development and strengthening of good neighborly relations with all neighboring countries is a lasting component of our foriegn policy. Experience to date indicates that our policy of open borders--and in that context development of all forms of border economic cooperation--has yielded good results both in the development of overall relations and also in development of those specific relations which in their sum total constitute a lasting basis for more intensive, comprehensive and extensive mutual cooperation.

Economic cooperation along the border as part of overall cooperation has a separate and important place. It is an expression of neighboring countries being turned toward one another for the fullest possible utilization of natural resources and man-made potential in the border areas.

Border-Zone Economic Cooperation With Austria

Our country has not concluded an agreement with Austria on border-zone commodity trade, since Austria is not prepared to conclude such an agreement, citing as its reason that this would be contrary to its constitution, though such an agreement was concluded on an exceptional basis with Italy because of the special interest concerning the border area of Southern Tyrol. However, Yugoslavia has concluded arrangement-agreements with Austria on fair arrangements concluded at a time of strict bilateral relations with this country; their purpose was through special quotas to make it possible to supplement trade with this country and also to promote other forms of cooperation between border areas. Development of economic relations between our country and Austria has led to essential changes, which are manifested in liberalization, in the developed border-zone traffic of individuals, in the large-scale excursion tourism in the border areas, all of which involves large trade in goods and services and has contributed to economic development in those areas and to development of overall economic relations.

Table 1 shows the value of the limited lists which were part of these fair arrangements.

Table 1. Implementation of Fair Arrangements With Austria 1962-1977, in dinars

Year	Sum Total for Slovenia and Croatia	Index Number, %
1962	24,000,000	100.0
1963	24,000,000	
1964	24,000,000	
1965	24,000,000	
1966	24,000,000	
1967	9,000,000	37.5
1968	9,000,000	37.5
1969	10,000,000	22.0
1970	12,000,000	50.0
1971	14,400,000	60.0
1972	16,000,000	67.0
1973	16,000,000	67.0
1974	20,000,000	83.0
1975	22,000,000	92.0
1976	24,000,000	100.0
1977	31,500,000	131.0

Actual implementation has not been going as high as the full value of the lists approved, but has been somewhat less. Realization under the approved lists covers a period of 18 months because some of the fairs are held in the fall.

Work organizations from throughout the country can engage in exports and imports under these fair arrangements; however, in practice this is done mainly by work organizations from Slovenia and Croatia. The condition is that they participate and exhibit their goods at the following fairs: Alpe, Adria, Ljubljana and the fairs of Graz, Klagenfurt, Eisenstadt and Innsbruck in Austria.

The distribution of the items on the commodity lists of exports and imports will be broken down into work organizations by the top-level republic economic chambers of Croatia and Slovenia, which means that enterprises which have had larger trade in previous years will have larger quotas. In practice this means that work organizations which are new applicants can obtain a smaller amount of the quotas, so that the principal participants in these arrangements are work organizations from Croatia and Slovenia, and only as an exception some work organizations from the other republics.

Goods are exported under the fair arrangements with Austria without inclusion of the export premium or other incentive. Imports are free for goods which are on the LB list (free imports) or under the global exchange quota (GDK), and the importer pays all charges as for a regular import.

No border-zone commodity trade agreement has been concluded with Greece, though an effort is under way to conclude such an agreement with that neighboring country.

Border-Zone Commodity Traffic With Hungary

Border-zone commodity traffic between our country and Hungary has been taking place for more than 12 years, and this particular form of foreign trade has been greatest, as indicated by the figures, with this country than with the other neighboring socialist countries with which our country has concluded agreements on border-zone commodity trade. Trade with this country on the basis of border-zone commodity trade has been as follows:

i. $12.4 million in 1975,

ii. $15.5 million in 1976,

iii. $17.0 million in 1977.

In carrying on border-zone commodity trade 15 organizations of associated labor from Vojvodina have participated on the Yugoslav side.

Tables 2 and 3 give the lists of imports and exports covering the period from 1 January to 31 December 1977 in order to give a better idea of the goods being imported and exported on the basis of border-zone commodity trade.

Table 2. Exports on the Basis of Border-Zone Trade With Hungary, in dollars

No	Type of Goods	Value
1	Beer	2,469,949
2	Cosmetics	1,064,254
3	Textiles	759,880
4	Housewares	153,781
5	Canned meats	151,150
6	Condiments	63,360
7	Millwork	48,800
8	Impregnated goods	55,400
9	Limestone	54,840
10	Cream	14,213
11	Footwear	14,257
12	Wallpaper	1,200
13	Miscellaneous goods	391,239
14	Finishing work	129,887
	Total	5,372,210

Table 3. Imports on the Basis of Border-Zone Trade With Hungary, in dollars

No	Type of Goods	Value
1	Textiles	1,505,415
2	Cement	1,273,775
3	Poultry	1,218,627
4	Eggs	615,223
5	Stone	364,511
6	Glass	352,105
7	Mushrooms	323,213
8	Clover	352,776
9	Vegetables and juices	253,816
10	Ceramic products	286,697
11	Miscellaneous foodstuffs	178,390
12	Honey	91,571
13	Cosmetics	17,805
14	Lumber	33,565
15	Wood products	69,161
16	Window frames	58,177
17	Dishware	19,800
18	Flowers	32,476
19	Aluminum shapes	87,504
20	Hog's heads	13,698
21	School supplies	6,271
22	Cooking utensils	5,000

Table 3 (continued)

No	Type of Goods	Value
23	Green oxide	23,500
24	Glass products	2,576
25	Buckwheat	4,810
26	Millet	7,964
27	Meat of game animals	10,603
28	Hand meat grinders	1,560
29	Children's toys (plastic)	450
30	Miscellaneous consumer and industrial goods	807,571
	Total	8,018,028

The credit for this relatively dynamic development of border-zone commodity trade with Hungary goes primarily to the flexibility of the authorities involved on both sides, to the more intensive cooperation between work organizations, to the development of cooperation in the service sector, etc. It should be emphasized that cooperation has been developing not only in commodity trade, but also in the service sector over several years, which represents a sizable share in total border-zone trade.

When we analyze the makeup of exchange in border-zone commodity trade we note that it is rather limited to only a few products making up the bulk of this trade on one side or the other. On our side these are exports of textiles, beer, cosmetics and finishing work, while in turn we import textiles, raw and processed foods, ceramics and glass. These products on both sides have represented as much as 80 percent of total border-zone trade, which indicates that in the coming period new products should be added to expand the commodity lists.

The long-term agreement on trade in goods and services covering the period 1976-1980 gave an important place to border-zone commodity traffic. This agreement called for total trade of $1.5 billion in both directions. Within the total trade border-zone commodity trade was included in the amount of $70 million (4.7 percent). This is a rather large figure to achieve. Especially if we look at the development of border-zone commodity trade in the period from 1971 to 1975, when only $35 million were realized in both directions on the basis of border-zone commodity trade.

Since the volume of border-zone commodity trade was exceeded in the first 2 years of the current medium-term period, and since work organizations are showing an ever greater interest in increasing and expanding cooperation, there is reason to expect that the figure of $70 million will in fact be achieved, if not exceeded, by the end of 1980.

In spite of certain difficulties which there have been on both sides, in view of the level achieved up to now and also the volume of border-zone

commodity trade which is expected in the coming period, we can say that this border-zone commodity trade has been developing within the anticipated limits.

The competent authorities of the two countries are attributing appropriate importance to the further improvement and expansion of border-zone commodity trade. The two sides support every initiative and the requests of organizations with understanding when they are aimed at increasing border-zone commodity trade. On behalf of a more effective effort to expand border-zone commodity trade the two sides have agreed to create a joint commission for border-zone commodity trade consisting of organizations registered to carry on that trade as well as economic chambers.

Border-Zone Commodity Trade With Romania and Bulgaria

Agreements on border-zone commodity trade have been concluded with Romania in 1971 (for 1 year with the possibility of extension), and such an agreement was concluded with Bulgaria in 1963, and then in 1973 a long-term agreement was concluded on border-zone commodity trade.

However, in the framework of border-zone economic cooperation with these countries the dominant place has gone to border-zone commodity traffic even though one can say even of it that it has not developed particularly up to now.

The administrative-centralistic economic system in those countries mainly does not allow border authorities and enterprises the necessary independence and flexibility in establishing contacts and compiling commodity lists and other forms of cooperation with partners from the neighboring border zones in Yugoslavia. To a greater or lesser extent this cooperation is dependent on direct and even distributive decisions by central authorities.

Border-zone commodity traffic is treated both by those countries and also by our own as normal commodity trade without any sort of special privileges or incentives.

In addition, in the neighboring socialist countries there are also certain discrepancies with respect to the jurisdiction of administrative departments. Foreign trade ministries are responsible for trade with foreign countries, while domestic trade ministries are responsible for commodity stocks and other regulations, which often results in discrepancies and misunderstandings.

In Romania, for example, regardless of the favorable development of mutual political relations and evolution in terms of political positions, strict centralism is still in effect with respect to foreign and domestic trade, and this is one of the reasons why the volume of this trade as envisaged by the agreement is insufficient.

For these and other reasons the realization of border-zone commodity trade in the past has ranged below $1 million annually.

The long-term and annual commodity lists which are integral parts of agreements on border-zone commodity trade have called for the amount of $10 million in each direction to be realized through border-zone commodity trade. Within this amount indicative commodity lists are set forth in which product groups are referred to, but the individual value is not indicated. As a rule the amounts given in the lists are not realized, for which there are numerous reasons (which we will not go into on this occasion).

It is nevertheless worthwhile to indicate that better cooperation and contacts between participants operating in different economic systems are needed. The administrative-centralistic economic system which is in operation in these two countries does not allow economic entities the necessary independence in establishing contacts with partners from our border areas.

The following should be borne in mind in defining the role and tasks of organizations of associated labor registered to carry on border-zone passenger traffic in carrying out border-zone commodity trade with neighboring socialist countries as a part of overall commodity trade with them:

i. commodity trade, and this also applies to border-zone trade, takes place with these countries on the basis of intergovernmental (5-year and annual) agreements, including commodity lists, and as a rule a balance is made for the period in question, i.e., exports from our border areas must be offset by imports from neighboring areas;

ii. settlement with these countries is made in U.S. dollars, that is, in convertible currency;

iii. an organized approach is needed on the restricted market of the neighboring border areas; and

iv. the composition of border-zone (and indeed of overall) commodity trade with these countries is satisfactory, and in the coming period it should be maintained and further improved, especially in the direction of exports of finished products.

Border-zone commodity trade between Yugoslavia and Italy, though not as developed as border-zone movement of travelers between these two countries, is nevertheless larger in volume and more elaborate in composition than with any of the other neighboring countries.

Border-Zone Commodity Trade between Yugoslavia and Italy

The purpose of border-zone commodity trade has since its establishment been to meet the need of improving the supply of the border zone and also the need of developing economic and other relations between these areas.

At the time when the agreement on border-zone commodity trade was concluded, commodity trade between Yugoslavia and Italy had not been liberalized, and the quotas for border-zone trade were a particular opportunity for Yugoslavia to export goods even from other areas.

Up until 1966 actual trade in the framework of border-zone trade grew steadily, reaching a level of 10,276,000 lira of exports and 9,286,000 lira of imports. This trade amounted to 9.5 percent of total exports to Italy and 8.8 percent of total imports from Italy (Tables 4 and 5).

Table 4. Imports of Goods From Italy in Border-Zone Trade, in millions of lira

Year	Under Trieste Agreement	Under Gorizia Agreement	Total	Index Base	Index Chain	Share in Total Imports From Italy
1957	1,126.0	920.0	2,046.0	100	100	4.2
1960	3,026.0	1,083.3	4,108.3	204	204	3.5
1966	4,409.8	4,876.4	9,286.2	453	226	8.8
1967	4,380.8	5,714.4	10,095.2	493	108	7.1
1968	3,265.8	2,315.4	5,281.2	272	55	3.3
1969	2,966.9	1,414.2	4,381.1	214	78	2.2
1970	4,626.6	1,060.3	5,686.9	227	129	2.4
1971	8,840.6	3,652.7	12,492.8	610	219	5.8
1972	5,020.9	2,850.9	7,871.8	384	63	2.2
1973	8,097.4	1,595.5	9,692.9	483	123	2.3
1974	8,260.2	1,615.4	9,875.6	483	102	2.2
1975	9,371.8	1,720.1	11,091.9	542	112	2.9
1976	16,783.7	4,718.2	21,501.7	920	170	3.4
1977	12,207.7	5,101.3	17,308.9			

Source: Yugoslav Export and Credit Bank--Koper branch.

Table 5. Exports of Goods to Italy in Border-Zone Trade, in millions of lira

Year	Under Trieste Agreement	Under Gorizia Agreement	Total	Index Base	Index Chain	Share in Total Exports To Italy
1957	1,150.0	820.0	1,970.0	100.0	100.0	5.9
1960	2,746.2	1,312.8	4,059.0	206.0	206.0	6.3
1966	5,125.8	5,150.6	10,276.4	521.0	253.0	9.5
1967	3,862.4	3,556.7	7,419.1	376.0	72.0	2.2
1968	2,956.0	1,556.6	4,518.6	229.0	61.0	5.0
1969	3,313.0	1,364.4	4,677.4	237.0	103.0	3.3
1970	7,215.3	2,550.0	9,765.3	495.0	208.0	6.1
1971	6,881.7	2,438.4	9,320.1	473.0	95.0	6.0

Table 5 (continued)

Year	Under Trieste Agreement	Under Gorizia Agreement	Total	Index		Share in Total Exports To Italy
				Base	Chain	
1972	9,207.6	2,952.2	12,159.8	617.0	130.0	5.1
1973	4,954.3	1,536.9	6,491.2	329.5	53.3	1.8
1974	7,779.2	2,093.3	9,872.5	501.0	152.0	3.1
1975	9,156.1	3,102.2	12,258.3	622.0	124.0	5.4
1976	12,355.5	6,480.4	18,835.5	956.0	154.0	6.2
1977	19,645.0	9,229.4	28,874.4	1,465.0	153.0	

Source: Yugoslav Export and Credit Bank--Kopar branch.

In the period that followed overall economic relations developed between Yugoslavia and Italy, there were essential changes in those relations, as manifested in broad liberalization, in the very rapid development of the number of people crossing the border in border-zone traffic, in the large-scale individual and group tourism in the border areas--which involves a large trade in goods and services sold to these individuals, and has contributed to development of the economy of these regions, and also in advancement of overall relations between Yugoslavia and Italy.

However, since 1967 border-zone commodity trade has stayed at the same level instead of developing along with this growth of overall commodity trade and the movement of people over the border in border-zone traffic. This applies to exports right up until 1970 and to imports up to 1971. Although the two countries favored this special form of foreign trade, it did not develop because of certain difficulties and by no means kept pace with the development of the volume of people moving across the border in border-zone traffic.

Composition of Border-Zone Commodity Trade

The composition of imports and exports on the basis of border-zone commodity trade has remained almost unchanged over the last 10 years. We should emphasize that it is rather adverse for us (see Table 6). Farm products have shared as follows in exports: 76.6 percent in 1966, 74.48 percent in 1973, and 78.51 percent in 1976, this consisting largely of livestock and meat. Semifinished products had a share of 21 percent in 1966, 20.19 percent in 1973, and in 1976 they fell to only 4.38 percent. It is good that finished products have nevertheless increased, as follows: in 1966 they represented only 2.4 percent, in 1973 they were 5.33 percent, and then in 1976 the share of these products jumped to 17.11 percent.

When we analyze our exports on the basis of the Trieste agreement (see Table 5), which we do on the basis of the product assortment for 1976, we note that livestock, meat and meat products have a share of almost 80 percent in the breakdown of those exports.

Table 6. Composition of Exports and Imports of Goods in Border-Zone Traffic With Italy (for 1966, 1973 and 1976), in percentage

No	Composition	1966	1973	1976
	I. Exports			
1	Farm products	76.60	74.48	78.51
2	Semifinished products	21.00	20.19	4.38
3	Finished products	2.40	5.33	17.11
	Total exports	100.00	100.00	100.00
	II. Imports			
1	Processing materials	50.70	20.62	26.46
2	Machines, transportation equipment and motors	27.50	6.80	1.72
3	Consumer goods	21.80	72.58	71.82
	Total imports	100.00	100.00	100.00

As for the composition of our imports in border-zone commodity trade, it is symptomatic that processing materials dropped from 50 to 20 percent between 1966 and 1973, and then in 1976 they had a share of 26 percent. The same is the case with machines, transportation equipment and motors. Consumer goods on the other hand have a sizable share in the breakdown, and their share is growing steadily. In 1966 it was 21.80 percent, in 1973 it was 73.58 percent, and in 1976 it held mainly at that level. One of the factors contributing to this ratio was the large number of work organizations and representative offices registered to carry on border-zone commodity traffic, and it obviously has not been in their interest to improve the composition of this type of commodity trade with Italy, but to achieve the largest possible earnings in this trade. So, not enough attention has been paid to improving this type of trade and to its qualitative improvement.

Nevertheless, border-zone commodity cooperation between Yugoslavia and Italy has increased considerably in recent years. Thus the volume of this trade in 1976 amounted to nearly 35 billion lira, reaching its maximum imports at 18.8 billion lira and exports at 16 billion lira, the highest figures since this trade has been established. It is certain that this type of commodity trade could even be considerably larger if there were a larger involvement of industrial products in border-zone commodity trade.

There is reason to expect that in the future more concern will be shown to increase the involvement of these products in the border-zone trade of the two countries. In any case our country by no means has this kind of volume of border-zone commodity trade with the other neighboring countries.

The share of imports on the basis of border-zone commodity trade was only 3.4 percent of total imports from Italy in 1976, which indicates that total imports from Italy have been growing at a faster rate than imports in border-zone trade.

The share of exports in total exports to Italy that year was 6.2 percent, which indicates that our exports to Italy in regular commodity trade are growing slower than imports. This is the result of the trade deficit with that neighboring country. Even imports in border-zone trade were larger than exports by about 2 billion lira--which incidentally is a good thing for this specific type of commodity trade.

7045
CSO: 2800

REPUBLIC CONTRIBUTIONS TO UNDERDEVELOPED REGIONS

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 14, 21 Mar 80 p 470

[Decree on Determining the Level of Annual and Monthly Advance Payments of the Permanent Resources of the Federation Fund for Crediting the Accelerated Development of Economically Underdeveloped Republics and Autonomous Provinces for 1980]

[Text] 1. The following amounts of annual and monthly advance payments of the permanent resources of the Federation Fund for Crediting the Accelerated Development of Economically Underdeveloped Republics and Autonomous Provinces (hereinafter, "Fund"), which shall be paid for the benefit of the Fund by organizations of associated labor and republics and autonomous provinces, are hereby determined:

in dinars

	Annual advance payment of permanent resources of the Fund	Monthly advance payment of permanent resources of the Fund
Bosnia-Hercegovina	2,937,100,000	244,758,000
Montenegro	352,600,000	29,383,000
Croatia	6,257,200,000	521,433,000
Macedonia	1,260,400,000	105,033,000
Slovenia	3,860,000,000	321,667,000
Serbia, less autonomous provinces	5,553,200,000	462,767,000
Kosovo	431,100,000	35,925,000
Vojvodina	2,446,400,000	
--during the first half year		163,093,000
--during the second half year		244,640,000
TOTAL	23,098,000,000	
--during the first half year		1,884,059,000
--during the second half year		1,965,606,000

2. If the amount of advance payment of loan in the amount determined by this decree is not realized from the monthly advance payments and annual payments of permanent resources of the Fund on the territory of a republic or autonomous province, the difference between the amount of advance payments that the basic organizations of associated labor have paid in, and the level of the advance payments determined by this decree, shall be paid by the republics or the autonomous provinces within a term of 30 days from the expiration of the term in which the basic organizations of associated labor were bound to carry out their obligations with respect to the Fund in accordance with articles 8 and 11 of the Law on Permanent Resources of the Federation Fund for Crediting the Accelerated Development of Economically Underdeveloped Republics and Autonomous Provinces in the 1976-1980 Period.

3. This decree shall go into effect 8 days after its publication in SLUZBENI LIST SFRJ.

Belgrade, 28 February 1980

Board of the Federation Fund for Crediting the Accelerated Development of Economically Underdeveloped Republics and Autonomous Provinces

Fund director: Lorbe Kitme Chairman: Petar Antonijevic

5808
CSO: 2800

EMPLOYMENT DATA, TRENDS IN 1979 GIVEN

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 24 Feb 80 p 35

[Text] Statistical data show that the rank order of individual areas with respect to net income per worker has not changed substantively during the last 3 years. The highest amounts were noted in the areas of finance and other services (1977, 498; 1978, 6,653, and 1979, 7,988 dinars), followed by sociopolitical communities and organizations (5,142, 6,175, and 7,166 dinars) and education and culture (4,634, 5,729, and 6,984 dinars). The lowest amounts were noted in the hospitality and tourism area, agriculture, forestry, and industry, in which the net wage per worker just started to exceed 5,000 dinars in 1979.

The average amount of net wage per worker in Yugoslavia was 4,118 dinars in 1977, 4,987 in 1978, and 5,986 in 1979. The constant growth relative to the overall average shows up in the area of education and culture, and exceeds the average in 1979 by 17 percent (13 percent in 1977). A similar trend was also manifest in trades and crafts, and in housing and community activities, wherein these two areas have a net wage somewhere on the level of the average. It is typical that there is an opposite trend to this in those activities which are already at the bottom of the ranking order. This is most pronounced in agriculture and fishing, where the net wage per worker amounted to 93 percent of the overall average in 1977, 89 percent in 1978 and 87 percent in 1979. A similar phenomenon shows up in industry also, but not to such an extent. It is an overall characteristic, according to this, that activities which realize above-average income maintain their positions, and some of them are even improving them, whereas the areas with low incomes are not managing to come close to the average, if by chance they are not falling away from it.

Among the republics and provinces, an above-average amount was realized only in Slovenia and Croatia, along with the fact that Slovenia, year after year, has been improving its ratio to the Yugoslav average (15 percent over the average wage in 1977, 16 percent in 1978, and 20 percent in 1979). In the other republics and provinces, the average net wage per worker has been marked by a slower rate of falling behind (Serbia and Macedonia) or an accelerated rate of falling behind (Vojvodina, Bosnia-Hercegovira, and Montenegro). This kind of trend is most evident in Kosovo, where the net wage in 1977 was 83 percent of the Yugoslav average, went down to 81 percent in 1978, only to drop 2 additional percentage points in 1978 to 79 percent.

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DATA ON ANNUAL INCOMES, 1977-1979

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 10 Mar 80 p 33

[Text] More than 5.5 million persons, or nearly 58 percent of the active population in Yugoslavia were employed in the socialized sector at the end of last year. Together with the employees and employers in the private sector and in various forms of association of the resources of private citizens with the socialized sector, and with the so-called independent professions (about 400,000 persons), the total number of employed currently reaches a figure of 6 million persons. The number of persons employed in the socialized sector has been increased by about 3.5 times between 1948 and 1979, and the average annual increase in employment has increased during the entire period by steps of about 4.3 percent, which is one of the highest employment increase rates in the world.

About 82.6 percent of the total number of employed persons in the socialized sector are employed in economic activities, and about 17.4 percent are in noneconomic activities. This proportion has been maintained, with insignificant variations of 1-2 percentage points, during the entire postwar period. However, in recent years, a trend has been evident of an increase in employees in the economy other than in material production, more precisely, in administration, and also in state administration, self-management interest communities, and the like.

In the socialized sector of the economy, the number of employees is highest in industry (46 percent) and construction (13 percent), followed by transportation and agriculture. Along with the increase in overall employment, the number of employed women has also increased, absolutely and relatively. Thus, their share in total employment has risen from about 32 percent at the beginning of the 70's to over 35 percent in 1979.

The rapid increase in the number of employed persons in the entire postwar period has made possible a large-scale movement of the populace from agriculture into nonagricultural activities, and from rural areas to cities. It is calculated that during the last 30 years, about 7 million persons (employed persons and members of their families) departed from agriculture,

meaning about 5 million active inhabitants. This kind of movement for employment outside the agricultural sector has been motivated mainly because of the higher wages of employed persons. It is considered that an employed person realizes about three times as much income as an individual farmer, counting social security and other benefits.

This also explains the situation that in the last 5 years, when the rate of increase of employed persons amounted to about 4.5 percent annually, the number of unemployed also increased, from about 480,000 in 1974 to about 770,000 today. The unemployment rate (ratio of unemployed to employed) is especially high in the three lesser developed republics and Kosovo, but also in Serbia proper. Nearly half of the people recorded as seeking employment today are from Serbia, and the situation has been this way for several years.

5808
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PERSONAL INCOME LEVELS SAID NOT TO CAUSE INSTABILITY

Zagreb START in Serbo-Croatian No 289, 20 Feb 80 pp 31-32

[Article by Milan Gavrovic: "Who Is Nibbling Away Income?"]

[Text] Fingers are pointed toward personal income on the premise that everything, including distribution, begins and ends in organizations of associated labor. If too large a share goes into pay envelopes, not enough is left for development, and vice versa--those who are thinking of the future will first set aside enough money for investments. This kind of reflection overlooks the fact that there are also other channels through which the economy's income gurgles and escapes, channels over which little influence is exerted by those who raise their hands in worker caucuses and meetings of workers' councils. Our staff specialist Milan Gavrovic has written the following article.

In the fireworks of debates on stabilization personal incomes were a noisy and high-flying skyrocket, and a protest from the trade unions resounded instead of Handel's ceremonial brass. "If this passes, the byword will be--make it on the small side, granny...," said a high-level federal trade union official. Of course, it did not pass. "It" was a proposal which was made in the preparations of the Resolution on Economic Policy for 1980 that the total average growth of aggregate personal incomes be limited to 18 percent for those working in the economy and 15 percent for those outside it. If by some miracle that decision had existed last year and if it had been consistently enforced (which would have been a still greater miracle), the standard of all those who live on earnings from employment would have been reduced appreciably. That is, prices rose considerably faster--about 24 percent, computed by the methodology of the Federal Bureau of Statistics, which, incidentally, is thought by many to yield results that are too modest. (But we don't have a better one.) Employment, the number of those among whom the "aggregate" of personal incomes is divided, also increased. An operation consisting of elementary school renunciation (like back in the days when we, and not these little wiseacres we have today, went to elementary school) yields results which would be very difficult to accept.

To be fair, we should say that this same proposal also contained a position to the effect that prices must not rise faster than 17 percent. That would really be fine--the delegates said in the Yugoslav Assembly, where the text of the resolution was adopted by agreement among the republics and provinces, but unfortunately it will not be feasible. And if one is to seek a yardstick for personal incomes, a kind of "measure for measure," that is, then it is only the price rise that exists, and not the price rise wished for, that can serve that purpose.

In the economy--this should be particularly noted--it does not occur to anyone to blame personal incomes for economic instability. Concern and suspicion always spring up at places where people are leafing through thick papers in which every number is followed by at least nine zeros. Recent in a meeting of the Federal Economic Council (this is a kind of council of economic wise men consisting of doctors and professors from the universities and various institutes, accompanied by some token representative of business), some of the participants presented the thesis that in Yugoslavia the public funds for development have ended up in private pockets. All because the rights of self-management are supposedly being used for distribution of excessively large personal incomes. Not just in individual cases (which certainly do exist), but viewed as a whole. That is why, some asserted, the economy does not have sufficient funds for development, and it must go into debt to the banks. The banks in turn issue as credit money which private savings depositors are keeping in the bank, so that in the end individuals are milking interest from the economy.

The fear that the workers would share out everything into personal incomes without being mindful of the future is as old as self-management. "Give the land to the peasants, and they will immediately drink it up...," it was said at the time when the fight was being waged to abolish serfdom. There is a similarity with these times; even then the issue was above all the social position of the structures which were "concerned" about cultivating the land, but which did not till it themselves.

On behalf of truth and justice we should also say that a datum refuting the thesis above was also set forth at that meeting of the Federal Economic Council: of the some 125 billion of dinar savings in banks (at the end of 1978) about 103 billion were returned to individuals in the form of consumer credit. That left about 22 billion for credit with which individuals did indeed finance the economy. Of course, this is not a small amount of money, but it is still less than one-third of the value of the investment program of INA [Petroleum Industry--Zagreb]. So much for getting a better understanding of the real relations. The fact that really the issue is not a macroeconomic computation at all, but a particular view of the world, remained only implied in that argument.

Impoverished Development Funds

There are, of course, reasons for concern about the economy's impoverished development funds. According to some indicators, it possesses a smaller share of earned income than ever before. This fact is not disputable. The question is only how to explain it, of stating the cause for this situation. Fingers are pointed toward personal income on the premise (perhaps not so clearly stated) that everything begins and ends in organizations of associated labor. If too large a share goes into pay envelopes, not enough is left for development, and vice versa--those who are thinking of the future will first set aside enough money for investments. This kind of reflection overlooks the fact that there are also other channels through which the economy's income gurgles, channels over which little influence is exerted by those who raise their hands in worker caucuses and meetings of workers' councils.

The best evidence of this is that the economy does not have the money for capital investments, but at the same time more is being built in Yugoslavia than ever before. Those who follow events in our economy know that two-fifths of the social product are being spent for capital investments; in that respect we are at the very top on a world scale. (The social product is everything created in the country in the course of the year. The national income is smaller, since it is computed without depreciation, that is, without maintaining the present wealth.) Personal incomes, then, have not eaten up the funds intended for construction. They do exist and are being spent in a big way. The only thing is that they are not in the accounts of organizations of associated labor, but decisions on their use are being made under the considerable influence of regional political factors.

Nor can it be said that everything is in order with personal incomes. Much that is being distributed is not the result of labor, favored positions in the system are being taken advantage of, rent is being collected, administrative personnel are still in a better position that production personnel, and so on. Very often there are the roots of group ownership behavior here. In spite of everything, there is no real reason for the assertion that the self-managers are siphoning off the capital formed by society into their pay envelopes. Quite the reverse--it is obvious that they are behaving rationally under conditions, to put it mildly, are sometimes economically irrational.

It takes a sizable dose of obsession with capital investments not to understand this. In this case, of course, capital investments (rather than labor productivity) are equated with development, and thus they become the sacred foundations of economic policy. But there is also something else needed--confidence that technocratic decisionmaking on the use of the capital formed, that is, concerning that development, is nevertheless and in the final analysis the only rational solution. It is nice to tell stories about self-management, but a sound economy requires concentration, a large system, efficient organization, and so on. Many people still believe that

this can be achieved only by the well-known formulas of concentration of political-economic power and through centralized and "qualified" decision-making. That is why they do not criticize the draining off of income from the economy into the banks and various funds, but, quite the reverse, attributes the blame for the inadequate capital formation of organizations of associated labor to "excessively large" personal incomes. To be sure, assuming a certain modesty throughout the entire nation, it would be possible to invest still more (models are lacking in the centrally managed economy), but it is certain that efficiency would be still lower. Of course, in that case we would still have to ask what was the purpose of all this development if not prosperity for the workingman? On behalf of a realm of freedom for some future generations? It is a well-known theme in belles lettres that an action whose results are postponed for some distant future indicates a lack of talent at the very least.

The Role of Higher Prices

The ambitions to achieve "strict control" over personal incomes are actually not as strong today as in many prior years. But even then they did not have a real chance. By raising personal incomes in line with the movement of the cost of living, the workers refuse to pay the bill out of their own standard of living for the excessively large and irrational spending on which they themselves did not make the decisions. That is, inflation in Yugoslavia is mostly the direct consequence of that kind of spending. Moreover, our entire sociopolitical development has refuted the thesis that income should be safeguarded from the workers and self-management from the self-managers.

This year again the rise of prices and especially the cost of living will play the decisive role. The resolution on economic policy does indeed impose the obligation of a slower rise of personal incomes than earned income, and it even prescribes certain overall indicators (5 percent slower in the economy and 8 in noneconomic activities). This is understandable, since it is difficult to plan without drawing up certain balance sheets. This is also the year of stabilization, which means that some of the old bills should be paid in this year. New spending, including personal consumption, must be slightly less, then, than is possible so that a beginning can be made on buying up the bills of exchange from the time when we live beyond our income. But this must apply to all forms of consumption and to all parts of society. In that case there will not be so great a need for the burden of stabilization to be passed on through the price to "other sectors of consumption," which means that the rising cost of living will not compel the self-managers to raise their personal incomes above the agreed limit.

Yet, once again, all this is not so simple, since the resolution contains only a general commitment, an average agreed on for Yugoslavia as a whole, but not any breakdown for each specific organization. The trade union in Croatia, for example, has come forth with the proposal that collectives

which have lower personal incomes be allowed a faster increase, since they should bear a smaller burden of stabilization. This is certainly a logical viewpoint, though over the longer haul it contributes to a general tendency toward leveling. But there are also other complications. Some of the best collectives--in terms of productivity above all--have had difficulties even in the past in providing salaries from their scanty income that will satisfy the creative and able specialists they need. "Last year the prices of our products were allowed to rise 7 percent, while the rate of inflation was more than threefold that amount," we recently noted down in an interview with a business executive. "The difference is charged to our income. We are therefore in a position in which we can offer specialists an interesting job, a chance to prove themselves, but not an adequate income. This has made it difficult for us to keep up with technological development in the world."

This demonstrates the extent to which income under present conditions--contrary to some handsome economic theories--is a poor criterion for setting the level of personal incomes. The operating results of any collective is affected by its own efforts, but also by an excessive amount of administrative regulation. We can conclude, for example, that price controls serve, among other functions, in the role of an additional mechanism for taxation of the economy. Excessive spending in society--above all, investment spending, and then general and community expenditure--must ultimately be paid for with real and not fictitious money. The bill is being presented to those who are losing on inflation, and every collective can easily make its own calculation of the amount of that additional taxation. This is the difference between their higher operating costs and the rise in prices at which they are allowed to sell their own products. The largest tax burden is imposed in this way on those who are performing best, who are managing to make up for a portion of the higher costs through higher productivity and economy. This is understandable, since you can take only from those who have something. To limit the rise of personal incomes in those collectives to the rise of their total income would be adding insult to injury.

Regulations and Uncontrolled Developments

This is only one example of the difficulties faced in implementing a general position to the effect that personal incomes must not rise faster than income. At this point we truly should not envy those who have to offer some solution for this. They must find the fine line between two dangers: the specter of legislating all manner of things, which would signify a suspension of self-management rights, or leaving personal incomes to assumed haphazard development.

This tangle can be unraveled only on the assumption of full confidence in the rationality of self-management decisionmaking. Inflation is the basic driving force behind the haphazard rise of personal incomes. It destroys all criteria of rational decisionmaking, including decisions on personal incomes. Inflation is not driven by self-management decisions, but, on the

contrary, by those which are not adopted in that manner. Thus at a recent high-level meeting there was talk about the need to sober up from "raging investomania" and "import euphoria" and to treat the virus of the "consumer mentality which is not in line with our material capabilities." This would at the same time eliminate the danger that personal incomes in the aggregate will increase beyond our means. They are only a sign of the disease, the "temperature," but not the pathogen.

At this point in our reflections we should begin to complain about compacts concerning distribution which somehow have been watered down in the recent past. The reference is to the mechanism for conclusion of compacts concerning personal incomes in which individual work collectives are not even involved, the purpose being to begin to correct the unjustified differences between industries and groupings. This has come about because of the speeding up of inflation, which has made it essentially more difficult to conclude agreements, but there is also another reason. This is that the social climate has made it possible for those whom the agreements do not suit to simply fail to enter into agreement.

The absurd thing is that this has resulted from certain positions which in essence are correct: that all work is measurable and that the level of personal income earned through work must not be restricted. All work is measurable, but this is a very complicated matter, especially in the case of the more complicated and creative tasks. But usually we are familiar only with simplified methods such as measuring by the piece, by time worked, by diplomas and the like. So long as that is the case, limits on maximum income must be respected. Moreover, there can neither be individual work collectives that stand alone like an island in society, nor within them can there be Robinson Crusoes standing detached from their environment.

Those whom it has suited to do so have interpreted the views which are to serve as the direction for development as though they were a completed fact. Thus we have recently heard that a director of a business community had a higher personal income than the chairman of the Federal Executive Council, or that the director of the work community of an opstina self-managed special-interest community for housing had a higher salary than the vice president of the SFRY State Presidency. Probably each of them would say that his work has been measured according to the regulations in effect which were adopted on the basis of self-management, and accordingly no limit comes into consideration. These are, of course, isolated examples of the kind that do not exist in a serious economy. They nevertheless warn us that we must not throw up our hands from conducting public policy governing income and personal incomes. The method to do this is through conclusion of compacts and accords, and the criteria are the objective economic laws.

Altering the System of Distribution

Throughout most of the economy the views concerning the measurability and delimitation of the level of personal incomes have not been taken so

lightly. In the first place there are not the funds from which one might pay incomes without limit. Moreover, the spread of personal incomes are in every collective a very important element of internal stability.

It is a fact that in many cases this "stability" should be disrupted, since the relations of the old hierarchical enterprise are largely based on it. But here again the oversimplified approach causes more harm than good. We are referring to the view that the system of distribution should be altered so as to motivate people to work more and better and thus achieve higher productivity. Simplification is a virtue, but it always verges on the sin of greater or lesser distortion. Thus in this case it is forgotten that distribution according to work is not a universal weapon against idlers, but an essential element in building up new relations.

If raising productivity were the only motive for the transition to distribution according to the results of work, we would probably have to conclude that the effects which can realistically be expected do not justify such a deep cut into the fabric of the economy. There must, then, be another and a different motive. Put most succinctly, this motive is to eliminate the situation in which someone is paying someone, in which a worker is selling his work, which means that he is in the wage relation, the situation in which in one way or another there is a boss on whose evaluation and good will the fate and personal income of employees depend. This "boss" is not, of course, an individual, but the management structure, which, in defining everyone's place in the hierarchical order, also determines his personal income and not uncommonly his fate as well.

The creation of basic organizations of associated labor as one of the foundations of a society in which the associated producer manages income as a whole, should have been accompanied by a different system of distribution of personal incomes as well. The basic thing is to change relations. Instead of the worker being paid for his labor, we have a worker who has pooled his labor, who is earning income in a joint effort and who then distributes it by his decision reached through self-management. This automatically signifies a change of criteria. Instead of hierarchy and formal qualification, the contribution to the earning of income becomes the most important thing.

And thus, someone will say, we have come back again to increase interest in income and a constructive impact on productivity. Right. Nevertheless, it is not just a question of sequence, that is, a question of whether political opportunism should come first, and then we would be able to move on to what is tangible with a clear conscience. Without changing relations, that is, nothing will come of those "tangible" results. This is not difficult to prove, in spite of the optimistic visions of all those who hope that they will all at once flush into the open all the shirkers and then head full steam down the road of high productivity in accordance with the principle "you get what you pay for."

Perhaps the most indicative argument is that the capitalist economy--specifically that which has attained the highest productivity--did not adopt the principle of payment by results. Nevertheless, there were attempts. Here is a passage on that point from a study of the Productivity Center in Japan entitled "Japan's Economic Development and the Rise of Productivity":

"... The payment of individuals was based on piecework and on constant emphasis that more work must be done.... The aim of every worker was to earn more than the man next to him. To achieve that the worker had to rely on his own physical strength and experience. As a consequence of such conditions an egocentric workplace environment was created which was the antithesis of an organized labor force and worker solidarity.... The system of payment by the piece resulted in the following: 1. unequal distribution of wages, 2. dissatisfaction because of the speeded up work pace, 3. concern about the future, 4. deterioration of human relations. The typical outbreaks of dissatisfaction were as follows:

"1. 'We want the pay scale to be applied to all those employed in the company....' 2. 'The system is acceptable for a young worker, but in 10 years of that kind of work he is giving the company 20 years of his life.' 3. 'When a man is in his forties and has his largest obligations, his pay begins to fluctuate....' 4. '... in raising his productivity a man in large part loses his moral sensibility. This has a destructive impact on sincere human relations.'"

Salaries--On the Best-Seller List

Those among us who have the longest memories will certainly have a good laugh when they read these lines. The experience of the Japanese recalls to a great extent our own experience from the beginning of the sixties, when our economy also began to make the transition to the system of piece rates. At first good results were shown, but soon events began to become complicated, and sooner or later a majority of the collective returned to the old tried and true system of salaries. The events from that period have not been sufficiently studied, though the results of such analyses would surely be on the best-seller list today. Nevertheless, the main thing is well known. The producers were unable to distribute the income, since they were alienated from it. The development of self-management simply had not yet reached the point at which the association of labor, relations based on shared income and worker control over the entirety of earned income could make their appearance instead of the enterprise, buying and selling and taxes.

Thus usually the piece-rate worker was paid by the manager (though in certain cases even then this was covered by the formal decision of the caucus of the working people), which only strengthened instead of diminishing power over people and the opportunity for manipulation. Combined with the oversimplified standards by which results were measured, this had the same consequences for us as in Japan: dissatisfaction that actually only direct

production worked on the basis of results, variation of income from month to month, insecurity, egocentrism, a feeling on the part of the older workers that they were threatened, deterioration of human relations and the work community, and--worse than all else--increased dependence on the technostructure, from which you had to get "good marks in conduct" every month.

Today the conditions are altogether different--or more accurately, they are becoming different insofar as the pooling of labor is becoming the dominant relation in our economy. Now it is possible, then, to build a system of distribution according to the results of work on the new foundations. But the most important thing is to be clear at all times that we are talking about a fundamental and ideological commitment, and not of a whip for lashing those who don't work. If the point of departure is construction of new and more civilized relations, then it will not be possible to create a system in which the workers will be led to self-exhaustion and to increase their own income at someone else's expense. The income of the basic organization, then, varies much more slowly than the individual results of work measured by the piece. Moreover, it is the purpose of every worker to do his part of a job and to earn his part of the income. The system should encourage us to help the man alongside us, and not to be cheered by his failure, since our pay envelope will then be slightly fuller.

For all these reasons more fundamental and long-term solutions are now being sought in associated labor. The old scars remind us of the errors which served as our universities. But productivity--it does not take higher education and economics to know this--depends above all on technology, on the organization of work, on the choice of production program, on sales, and then and only then on the effort exerted at each work station.

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